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FEBRUARY 1978

Some Ideas About Business

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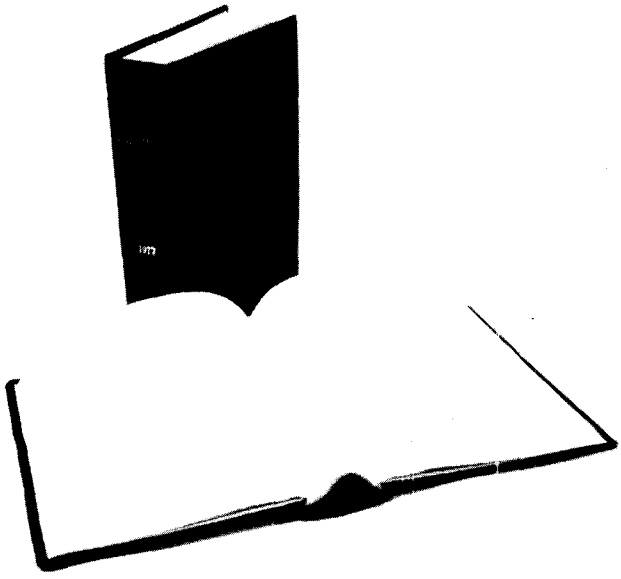

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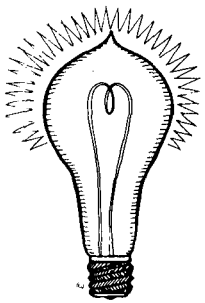
P. Dean Russell

Some Ideas About Business



THE amount of money spent by business for economic education continues to increase year by year. But the confidence of the American people in our business leaders, and in the market economy itself, continues to decline steadily.

An exceedingly thorough survey of what people think of business was made by *U.S. News & World Report* in 1976. That survey confirmed what most of us already knew: We American people in general simply do not trust our business leaders or believe what they say. Further, we favor more government controls over them and the economy in general.

A Gallup Poll executive recently informed a group of businessmen that 23 per cent of the American people now look upon big business as perhaps an actual threat to our freedom and general well-being. The number of us who hold that disturbing belief today has doubled from the 12 per cent who held it nine years ago, and the trend continues steadily upward.

That's what this article is all about—business and human freedom and how best to communicate the idea that the two are inextricably tied together, i.e., when the market economy of private ownership disappears, human freedom necessarily and automatically disappears right along with it.

Now here's my basic reference point for effectively communicating that idea: All people hold beliefs and ideas. Those beliefs and ideas are

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always compelling and are sometimes more precious than life itself; religion, for example. Thus if we wish to be effective communicators in business and economics, we must present our facts and statistics in a manner that will be in harmony with *existing* beliefs and ideas and desires already held by the reader.

You see, it's ideas—not facts and figures—that rule the world. It's what you and I want—not what we need—that determines our actions. The fact that many of the things we want to do are likely to kill us, and perhaps even destroy our families, doesn't appear to be a compelling argument not to do them. As quick examples, I give you cigarettes, alcohol, and fast driving. Since the facts and statistics don't support what most of us want to do in those areas, we simply ignore or deny them.

You understand, of course, I'm not talking about "those dumb people out there." I'm talking about educated you and me. Since that's us along with everyone else, I suggest we accept ourselves as we are and develop and present our economic facts and figures in harmony with it.

Pensions and Insurance

Here's an example of how to go about presenting the economic case for private ownership and profits—even high profits—that's in harmony with the desires of most people. The basic statistical fact for this example is quoted from an article by Professor Peter Drucker: "Employee pension funds now own more than one-third of the equity capital of America's publicly-owned companies. . . . And in the truly big businesses (the top 1000 or so companies), employee pension funds already hold majority ownership . . . in most cases."

Congressman Jack Kemp said much the same thing when he wrote, "More than 51 million workers have a vital stake—beyond their jobs—in American business. Their retirement funds are invested in stocks and bonds" of our largest industrial corporations. "In addition, more than 380 million life-insurance policies depend to a great degree on business investments."

All of us—no exception—want low premiums on our insurance policies and security in our retirement years. It's a fact that both of these "universal desires" of the American people are solidly based on the profitability of business. We—not the rich people—are the real owners of our largest companies. Most of the profits are paid to our retirement funds and insurance companies and endowment funds of educational institutions. And those dividends never seem large enough to meet the needs of older people who have retired, younger people who are trying to protect their families by carrying

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as much insurance as they can afford, and colleges and universities that are continually searching for funds for scholarships, research projects, and higher pay for faculty. To paraphrase Pogo of comic strip fame, "We have met the owners of big business and they is us."

Can there be any doubt that secretaries and mechanics will find this information and this approach more persuasive than the customary statistical approach favored by most economists and business communicators? Since those customary charts and equations don't usually relate to what the employee thinks and wants, that employee doesn't even see them, much less believe them. But when the answer to the employee's unspoken question "what's in it for me" is "bigger pensions and lower insurance premiums," you're likely to attract his attention. You see, like you and me, that's what *he* wants. At that point, not before, he's willing to listen to your facts and figures that justify profits—even high profits—on various other grounds.

Freedom of the Press

Very few of us actually want to turn the economy over to government. Some do, of course; and again, there's no way you can use your statistics to change the ideas of those persons who want government control and/or ownership of American industry. There's simply no common interest between your wants and their wants. Thus our objective is more likely to be accomplished if we concentrate our efforts on those persons who are not overtly dedicated to the abolition of the market economy of private ownership and profit-motivated production.

Here's a "common interest" approach to this basic "ownership issue" that I've found works fairly well with business and professional people, students, and colleagues in education. Again, it's an approach that aligns your wants with a most precious (and related) want held by the overwhelming majority of the American people. It has to do with helping them keep their freedom to write and print and distribute whatever they wish.

I assume that almost everybody in the United States is in favor of freedom of the press, even though we may have a bit of trouble agreeing on a final definition. I also assume (with even more confidence) that people in general are now increasingly influenced by the appealing idea of common ownership and "production for the benefit of everyone instead of for the profit of a privileged few."

Is there any way we can tie together what we all want (freedom of the press) with the profit motive that undergirds private ownership?

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There is, indeed. For literally, there cannot be any freedom of the press except in an economic arrangement where (to select a random example) the automobile companies are privately owned and the producers are motivated by hope of large profits rather than by any particular desire to serve mankind.

Private Property

But how can one possibly relate Ford Motor Company (an example of production for profit) with freedom of the press? Well, begin with this empirical test: Wherever in the world the Ford Company can produce cars for a profit, freedom of the press exists to some degree, and usually to a high degree. But wherever in the world the economic system prevents Ford Motor Company (or its equivalent) from operating for a profit, there is no freedom of the press at all. None. Nor can there be.

Check it out. Where in the world is Ford forbidden to own plants and to produce cars for a profit? Russia? China? Bulgaria? Yes, it's impossible for Ford to own and operate plants in any of the "common ownership" nations that deny the concept of production for profit instead of for service. Do you have any doubt about the free press situation in any country where the means of production and distribution are owned in common, i.e., by the government? You see, the harsh reality of the "production for service instead of for profit" system is always this: If car companies can't be owned privately, the printing presses can't either, at least not for long.

Now where in the world can Ford own plants and produce cars for a profit? South Africa? Brazil? Turkey? Yes, private ownership and production-for-profit is the basic system in those and a hundred other nations. Now what's the "press freedom" situation in those three "questionable" countries I chose deliberately? Well, there are indeed restrictions. And sometimes the restrictions are severe. But when compared with nations wherein presses and automobile plants can't be privately owned and operated for a profit, the "press freedom" situation is undeniably better in those nations that operate on the profit motive. It checks out in every instance. I can find no exception.

But couldn't it be different? Well, I've never heard of a theory that supports common ownership of the means of production and distribution in general but with private ownership of the presses. I don't see how it could be done.

The Ends in View Determine the Means Used

A government-directed economy of common ownership without totalitarianism is precisely as logical as a market-directed economy of

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private ownership without profits. Both concepts are, of course, illogical. It is literally impossible for either "common ownership" or "private ownership" to function if this basic motivation and regulator behind each one is denied. In a socialist economy, how can the government "direct" production unless it compels us to conform to its directions? In a market economy, how can we indicate which product or service is most wanted if each item is equally profitable or nonprofitable to producers?

Encouragingly, the socialist-communist intellectuals of Western Europe are now beginning to discuss this reality. Discouragingly, few of them have really faced up to the hard fact that it's always people, not economies, that are controlled. The officials of government can never control and direct *things* but only people. That's you and me. As Arthur Schlesinger, Jr., so aptly phrased it, "A Communist party that regards the democratic process as anything more than a convenience on the road to monopoly power is a phenomenon the world has yet to see."

Now for a quick look at private ownership and profit and its possible impact on another freedom that all of us value highly and will go to any extreme to keep—freedom of religion. In East Germany, production and distribution facilities are generally owned in common and are used for the benefit of everyone instead of for the profit of a privileged few. In West Germany, the means of production and distribution are generally privately owned, and the profits (frequently enormous profits) sometimes go to just a few owners.

Who Owns the Churches?

This ownership arrangement—and the system of government necessarily required to support it—is the only essential difference between those two halves of a once-united country. Now in which of those two nations, West Germany and East Germany, would you expect to find the greatest degree of freedom of religion?

The choice isn't even close, either in theory or reality. For it's absurd to imagine that a religion based on private ownership of churches and seminaries can be openly practiced for long in a political system based on common ownership of all lands and buildings. The owner determines the use. The clergy who imagine they can work out "a viable arrangement" with a socialist government dedicated to common ownership have *already* given up their freedom to preach what they think. Most clergymen still believe in private ownership, you know—along with "responsible stewardship." But they can't preach that philosophy in the common-ownership countries.

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When you can logically explain to yourself why this is necessarily so, you will have a rather dramatic (and, I find, convincing) story about the necessity and desirability of profits, including high profits, that are basic to the system of private ownership.

You see, your facts and figures on the market economy and profits will then support what the reader wants—a free press and religious freedom. If you can explain to him and her how they hang together, as they do, their attitude toward private ownership and profits is likely to be favorable.

Finally, it's surely desirable to point out to the reader that the profit-motivated market economy of private ownership also produces more and better products and services at lower prices than does any other known economic arrangement. It's also helpful to tell him and her that these products and services are widely available to almost everyone, if the market is truly free. And the jobs generated by this economic arrangement are the highest paying in the world. But, by and large, the statistics on these economic rewards should be presented last and as a sort of secondary benefit. Surely the most persuasive fact is this: The profit-motivated economy of private ownership offers the only possible arrangement for the existence of human dignity and freedom itself. ⊕

IDEAS ON LIBERTY

Proof of Worthiness

PROFIT is the proof of the worthiness of production; loss is the proof of its unworthiness, of the waste of the energy and thrift that provided wrong tools of production, or of the job-destroying rapacity of tax gatherers or of workers employed in their operation. The greater the profit, the greater the incentive for expanding production and progress, while loss is the proof that progress has stopped. It is not profit that is evil; it is the enemies of profit who are evil; for if they prevail, millions must die as a spreading dearth of tools blights capacity for survival production.

With tools men can produce ten to twenty times as much as without them, with the tool providers getting but one-twentieth to one-tenth of the multiplied production.

ENDERS M. VOORHEES, "The Uncommon Man"

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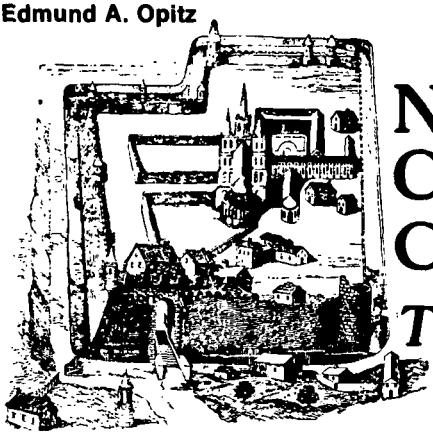
Edmund A. Opitz



NO CONTINUING CITY

The Paradox of a Christian Society

BENEDICT of Nursia pictured the ideal monastery as "a little state, which could serve as a model for the new Christian society." Those who respond to the call of monasticism and draw apart from secular society are to undertake a new community based upon the bond of fellowship set forth in The Rule of St. Benedict. The discipline of the Order was so rigorous as to make the Spartans appear hedonists by comparison. "The life of a monk," Benedict writes, "should be always as if Lent were being kept. But few have virtue enough for this," he adds sadly, "and so we urge that during Lent he shall utterly purify his life, and wipe out, in that holy season, the negligence of other times."

The "negligence" to which Benedict referred might crop up any time, for example, when it came a monk's turn to do kitchen work. Servers are urged to "wait on their brethren without grumbling or undue fatigue." As an inducement to good behavior they are awarded an extra portion of food. But what about wine? "God gives the ability to endure abstinence" to some; the others are rationed to a pint a day. Benedict yields this point reluctantly. "Indeed we read that wine is not suitable for monks at all," he writes. "But because, in our day, it is not possible to persuade the monks of this, let us agree at least as to the fact that we should not drink to excess, but sparingly."

The Reverend Mr. Opitz is a member of the staff of the Foundation for Economic Education, a seminar lecturer, and author of the book, *Religion and Capitalism: Allies, Not Enemies.*

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No monk is permitted to call anything his own. "He should have nothing at all:" reads the Rule, "neither a book, nor tablets, nor a pen—nothing at all. For indeed it is not allowed to the monks to have bodies or wills in their own power." But the instinct for ownership sometimes broke through this prohibition, and the abbot is instructed to search each monk's bed frequently for concealed private property. "And if anything is found belonging to any one which he did not receive from the abbot, he shall be subjected to the most severe discipline."

Life within the walls outdoes nature in the harshness of its struggle for existence and only the most fit are permitted to enroll. "When any new comer applies for admission," reads the Rule, "an easy entrance shall not be granted him." He must persevere in knocking at the gate, and if he is "seen after four or five days to endure with patience the insults inflicted upon him, and the difficulty of entrance, and to persist in his demand, entrance shall be allowed him . . ."

But the new man must then pass time in each of several decompression chambers lest he get the spiritual equivalent of "the bends." He stays a few days in the guest cell, then graduates to a novice's cell under the surveillance of an elder brother who tells him of "the harshness and roughness of the means through which God is approached. . . ." After two months of this the Rule is read to him. If he doesn't falter "again he shall be tried with every kind of endurance." Six months of this and the Rule is again read to him; four more months and another reading. And then, after "he shall promise to keep everything, and to obey all the commands that are laid upon him: Then he shall be received in the congregation; knowing that it is decreed, by the law of the Rule, that from that day he shall not be allowed to depart from the monastery, nor to free his neck from the yoke of the Rule, which, after such long deliberation, he was at liberty either to refuse or receive."

Even after this rigorous culling of the unfit the old Adam continued to reassert itself, in ways noted above, and even in physical violence among the monks. This is the implication of Rule LXX: "No one shall take it upon himself to strike another without orders."

Benedictine Influence

Such is the discipline of one earnest and successful effort to fashion a society of and for saints. It endures to this day. Benedictine monks converted England. The important Clunisian reformation of the tenth century stemmed from the Benedictine Abbey at Cluny, France. The Cistercian Order was a twelfth-century offshoot. The influence of

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these movements on western culture was immense. "By degrees," says Newman, writing about Benedict, "the woody swamp became a hermitage, a religious house, a farm, an abbey, a seminary, a school of learning and a city."

Let us turn from the sixth century to the sixteenth, from the historical reality of the Benedictines to a literary artist's dream—to Rabelais' exuberant ideal construct of a society of gentlefolk, the Abbey of Thélème.

Gargantua is the hero of Rabelais' masterpiece. He is a mighty leader in battle—among other things—and with the help of friends emerged victorious from the Picrocholian War. His friends deserve a reward for their help, and what is a more suitable gift for a knight than a castle? This will hardly do for Friar John of the Funnels, however. Why not, in this case, find a suitable monastery and make Friar John its abbot? "But the monk gave him a very peremptory answer, that he would never take upon him the charge nor government of monks. 'For how shall I be able,' said he, 'to rule over others, that have not full power and command of myself? If you think,' continued John to Gargantua, 'that I have done you, or may hereafter do you any acceptable service, give me leave to found an abbey after my own mind and fancy.' " This was done, and we are given a Renaissance man's vision of a model community.

The Thélèmites had but one rule: Do What Thou Wilt. "All their life was spent" writes Rabelais, "not in laws, statutes, or rules, but according to their own free will and pleasure." This did not mean that Rabelais countenanced a lax hedonism; it means that Rabelais had confidence in the gentleman and his code: "Because men that are free, well-born, well-bred, and conversant in honest companies, have naturally an instinct and spur that prompteth them unto virtuous actions and withdraws them from vice, which is called honor. Those same men, when by base subjection and constraint they are brought under and kept down, turn aside from that noble disposition by which formerly they were inclined to virtue, to shake off that bond of servitude wherein they are so tyrannously enslaved; for it is agreeable to the nature of man to long after things forbidden, and to desire what is denied us."

In order to get this kind of a person for his abbey, Rabelais practiced an exclusion almost as rigorous as that set forth in the Benedictine Rule. The inscription on the great gate of Thélème warned off ". . . religious boobies, sots, imposters, . . . bigots." Rabelais wanted no "attorneys, barristers, nor bridle-champing law-practitioners;" no

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"usurers, pelf-lickers, . . . gold-graspers, coin-gripers. . . . Here enter not, unsociable wight, humorsome churl. . . ."

But the red carpet is rolled out for others. "Here enter you, and welcome from our hearts, All noble sparks, endowed with gallant parts. . . . Here enter you, pure, honest, faithful, true, Expounders of the Scriptures, old and new; Whose glosses do not plain truth disguise. . . . Strange doctrines here must neither reap or sow, but Faith and Charity together grow." The net result is that at Thélème, "Sound bodies, lined with a good mind, Do here pursue with might, Grace, honor, praise, delight."

Mere Freedom—Only That

The vision is an enchanting one, and even Albert Jay Nock was moved to enthusiasm. "The lover of freedom," he writes in his essay on Rabelais, "the disbeliever in a dull and vicious mechanization of the human spirit, its debasement and vulgarization of life's abiding values, will nowhere find a more abundant consolation and encouragement than in this vision of the humanists. Nowhere, we believe, is there a more elevating, convincing, and wholly sound conception of human nature's possibilities when invested with no more than mere freedom—only that."

Let it be granted that the vision of Benedict of Nursia and the Rule it inspired reflected a saint's nature and met, to a significant degree, the needs of spiritual athletes for whom life is a period of probation only, and the delights of the world a snare for the soul. Rabelais, on the other hand, although consciously within the Christian heritage, was most at home in that wing of it which embodied those elements of Christianity which have been called the last creative achievement of classical culture. As a humanist, he projected the vision of an ideal society which reflected the new awareness of what a marvelous creature man is at his best—"how like a god"—inhabiting a world only a little less wonderful than himself.

Thus we have, in theory, taken care of those constructed along heroic lines—the saints and the gentlefolk. What about the rest of us, who are neither saints nor heroes, and who have been forced to concede that the gentleman's code—while it works well on the tennis court or in the drawing room—does not fully meet the demands of life on all its levels? What about the run-of-the-mine citizen? It was possible to discount him in classical political theory, whose most enduring expositor, Aristotle, could not conceive of a civilization without slavery. But Christian social theory cannot take this way out. As every man is precious in God's sight, so every man must signify in any Christian

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sociology, and he must signify in terms of the Christian understanding of man—a creature who is out of joint with his true nature, who has to negotiate a fallen world, and who must await another order of reality to attain his own fulfillment.

I take it to be a distinguishing feature of Christian sociology that it is non-ideological and anti-utopian. I would call a social theory "ideological" which views man in terms of only one of his aspects; which takes account only of man's material needs; or regards him as a purely spiritual being; or stresses his rationality, or his instincts, or whatever, at the expense of his wholeness. It is obvious that man is a creature of many facets, but violence is done if the wholeness of man's nature is ignored or denied.

Social Heredity

A social theory is "utopian" to the extent that it assumes that man's felicity is attainable in time and within history by a simple reliance on the natural harmonies, when these are uncorrupted by the artificial institutions of civilization. "Man is born free," cried Rousseau, "and is everywhere in chains"—fastened on him by the societies he has fashioned. Actually, society is man's native habitat. Society is as natural to man as water to a fish—neither organism could survive without its natural environment. As a creature of his genes man is a mere anthropoid; his "social heredity"—absorbed and learned one generation from another—makes him human.

Harmony, according to the utopians, is to be attained in one or the other of two directions; by anarchism or collectivism. That is to say, we might achieve an ideal society if the arrangements between people were the result of freely contracted relationships based on each man's rational calculation of his own self-interest or advantage. Or, on the other hand, social harmony might be attained by the political imposition of a rational plan from the top down which put every man through his paces, according to the superior wisdom of a ruling elite.

In contrast to the position of the utopians—whose dubious premises and faulty reasoning can be used equally well to justify either anarchism or collectivism—man, as he is understood in Christian thought, has his citizenship in two realms, not one after the other, but concurrently. The natural sensory world engages him, obviously. It is an essential part of his environment which he shares with the animals; but man is the only animal who participates also in a non-spatial, non-temporal environment. This means that society has a more than natural and social significance; it is part of the cosmic scheme.

Our economic needs could not be

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met if we tackled them individually; and fellowship with others is a demand of our natures. But society has a significance beyond the meeting of our creaturely need for bread and our social need for fellowship; by a just ordering of social life we are, as Augustine put it, "schooled for life eternal."

City of God

The contemporary Anglican theologian, V.A. Demant, writes, "Perhaps, only because man is not in the Kingdom of God has he to make civilization, but the effort is made because of the pull of his *Patria* in the Eternal World impels him to make a frame of life which upholds him when he is *in via* on earth." This point is, of course, the theme of Augustine's *City of God,* and I quote from Book XIX. "Even the heavenly city, therefore, while in its state of pilgrimage, avails itself of the peace of earth, and, so far as it can without injuring faith and godliness, desires and maintains a common agreement among men regarding the acquisition of the necessaries of life, and makes this earthly peace bear upon the peace of heaven; for this alone can truly be called and esteemed the peace of the reasonable creatures, consisting as it does in the perfectly ordered and harmonious enjoyment of God and of one another in God."

Christian social theory is at odds with most secular social theory, but this is not the only difficulty; it has intramural problems as well. Yielding to those who demand a Single, Simple Formula, Christian social theory may become a parody of itself in one or the other of two directions—material or spiritual. Although Marxian communism is a purely secular scheme of salvation on the social level alone, and within time, there are some who have seen no incompatibility between communism and Christianity. A more common parody of the full-bodied Christian position is that which vaporizes it into a cloying spirituality. The former seeks to resolve social problems without reference to man's spiritual nature and needs; the latter stresses the inner life as if there could be a healthy spirituality apart from a righteous ordering of human relations. When things are right the inner, spiritual life of individuals is "in play" with the structures of their social life. Josef Pieper has said that the western culture of Christendom might be characterized as "theologically grounded worldliness."

A Bedrock of Faith

If man is more than a natural and social being it follows that the problems emerging on these levels cannot be resolved, or even understood, on these levels alone. The dislocations that bedevil us on the political and economic level cannot be

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cured at that level because they stem from a malady rooted on the spiritual level; they are surface manifestations of a distortion of our beliefs and our system of values. Our society was originally founded on the bedrock of a spiritual faith, and today we must again probe beneath the surface to that same bedrock. But the purpose of going down to bedrock is not to stay there; it is to build from there!

Every Christian believes in spiritual values, but not necessarily in the kind that are vacuum packaged; not in the kind that become the private jewel of some connoisseur for his solitary ecstasy. The path between altar and marketplace has always been a two-way street. Jesus' summary of the law was twofold: love God and love your neighbor, balancing ethical expenditure by spiritual income. It conveys something like a half truth and a whole error to label man a spiritual being. He is, in fact, a spiritual being who eats, feels the cold, and needs shelter; a being whose nature demands fellowship with his own kind. True spirituality cannot exist apart from sound thinking, just dealing, and efforts to improve the quality of human relationships.

We have gone through a period when large numbers of people shared a belief that we could solve just about every human problem by political action. This is, of course, absurd. But it is a sorry reaction to this absurdity to subtract one's weight and influence from such healthy forces as are now at work in social and political life. This mood of retreat and resignation is a dubious kind of spirituality. In reality it is a new "failure of nerve," and a critic has written caustically about those so afflicted: "Having abandoned genuine thought about problems—especially the new problems that cannot yield to old formulae and incantations—they luxuriate in the feeling of greater purity and spirituality than their fellows."

The Ancient City

If we reduce spirituality to a kind of private fancy it is easy for us to think of religion and politics as two distinct spheres, as separate as church and state. Such a view would have been incomprehensible to the ancient Greeks. The classic study of the religious and civil institutions of ancient Greece and Rome is *The Ancient City* by Fustel De Coulanges. "The foundation of a city," he writes, "was always a religious act . . . A city was like a little church, all complete, which had its gods, its dogmas, and its worship. . . . Neither interest, nor agreement, nor habit creates the social bond; it is this holy communion piously accomplished in the presence of the gods of the city." It was a social

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system "where the state was a religious community, the king a pontiff, the magistrate a priest, and the law a sacred formula; where patriotism was piety, and exile excommunication; where individual liberty was unknown; where man was enslaved to the state through his soul, his body, and his property." Christianity, on the other hand, "taught that only a part of man belonged to society. . . . The mind once freed, the greatest difficulty was overcome, and liberty was compatible with social order."

It is risky to generalize thus about a complex civilization like Greece which underwent several changes of character over the centuries, so let us use Socrates as a type case. Ernest Barker, in his *Political Thought of Plato and Aristotle,* writes "The laws of his country were to him (Socrates) a sacred thing. . . . For him there was no rule of natural justice outside the law . . . what is just is simply what is commanded in the laws." Barker goes on to say that "To a State like the ancient State—both church and State in one—any new religious beliefs, or disbeliefs, resulting in the formation of hostile groups of opinion, were in reality dangerous." The ancient society, in other words, represents the fusing of religion and politics into a unitary state, leaving little elbowroom for the exercise of individual initiative.

"The victory of Christianity," writes Fustel, "marks the end of ancient society. . . . It was not the domestic religion of any family, the national religion of any city, or of any race. It belonged neither to a caste nor to a corporation. From its first appearance it called to itself the whole human race." Such a religion was bound to have momentous political consequences. Christianity created a new kind of individualism. After some fifteen centuries of its influence, "The Englishman . . ," G. G. Coulton writes, "could carry his own atmosphere with him everywhere; he was self-sufficient *avec sa Bible et son Anglaise.*"

Encounter and Tension

The enlargement of the idea of God, from a family, urban or tribal deity into a Being with universal attributes, developed the kind of religious institution—a church—which must forever confront political institutions in an atmosphere of encounter and tension. The history of Europe is in large measure polarized between the two powers; sword and scepter, crown and miter, Empire and Papacy. Such a dualism is fatal to the idea of the monolithic state. The effect of this polarity is to decentralize power and disperse authority. There is no other way to deal with the root problem of politics—the governance of power. In addition to the division of authority between Empire and Papacy, power

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was further fragmentized among numerous kings, counts and lesser officials.

In practice, then, during much of the history of Europe, power got itself deadlocked; with the result that there was widespread practice of what might be called "interstitial liberties" by the people. Men were free in the spacious nooks, crannies and crevices of European society long before the law moved up to recognize specific freedoms. We had to wait till the seventeenth and eighteenth centuries for a developed philosophy of freedom.[1]

But just about as that occurred, Christianity as conscious faith lost its hold on men's minds and loyalties, and we began to slide back toward a kind of pseudo-theocracy, or "totalitarian democracy," which, in modern communism and fascism, amalgamates religion with politics and succeeds in debasing both. Politics, in the collectivized state, is a sheer power struggle with no concern for the ends of justice and freedom. Religion, in the collectivized state, must be forced into state service as an opiate of the people. Omnipotent government cannot abide a universal religion; it must construct its own domesticated variety of secularized religion.

And thus we complete one of those enormous spirals of history. Religion, ethics and politics are once again wrapped up in one package, as they so largely were in Greek speculation. The individual Greek could hardly conceive of ends for his life outside his *Polis*. Aristotle's remark that "man is a political animal" might be translated "man is a creature found only in city-states."

Beyond Society

With modern men it is different. Our pilgrimage has brought us to a different turn on the spiral of history and we know that we have a potential that projects us beyond society. We have acquired a sophistication which will not permit us to be reabsorbed into our societies without inner tension and conflict. This is one result of our centuries of encounter with Christianity. We may be anti- or non-Christian but nevertheless its effects have leaked into our lives to shape the modern psyche in the region of the values and premises we take for granted. Our mood is mostly Christian, whatever creed or philosophy we profess.

This may sound like a call for a religious revival, and, in a sense, it is just that. But a mere revival of religion is not what we need, unless the religion which is revived under-

[1]The history of the Eastern Church and Empire is another story. Christopher Dawson writes: "The Byzantine Church became so closely bound up with the Byzantine Empire that it formed a single social organism which could not be divided without being destroyed. . . ." *The Making of Europe*, p. 57.

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stands that man exists for ends beyond society and beyond history—Augustine's two cities again. Nor will this sort of a revival be accomplished by mere exhortation. Perhaps it will not happen at all so long as men expect to wring utopian results out of any kind of political or economic action.

There are political implications in the concept of spiritual liberty; the practice of justice is urged upon us as a religious imperative, and the relevance of the Christian religion to American institutions has been spelled out many times. But where does economics fit in? At first glance, economics appears to deal solely with the provisioning of our material and creaturely needs and to have no religious significance. This is a misreading of the situation, I believe, so let me say a few words about economics.

Economic Activity Fundamental to Human Existence

Economic activity is fundamental to human existence. A Robinson Crusoe could get along without politicking, but if he did not work he would die of hunger and exposure. Emerging from economic activity are the concepts of rights to property and claims to service around which many political battles are fought. Economics, on the surface, deals with prices, production and the operations of the market as determined by the buying habits of every one of us.

In reality, however, economics is concerned with the conservation and stewardship of the earth's scarce goods; human energy, time, material resources and natural forces. These goods-in-short-supply are our birthright as creatures of this planet. Use them wisely, as natural piety dictates and common sense confirms—that is providently and economically—and human well-being is the result. Ignore the realities in this area, as we have done in our time, and a host of evils follows. We might be able to live with economic ills if we didn't think we could cure them with political nostrums, but our political efforts aimed at mopping up the consequences of economic mistakes head us in the direction of the Total State.

Every collectivist ideology—from the Welfare State idea to totalitarian communism—is strung on a framework of economic error. People are prisoners of their beliefs, and so long as they cherish a wrong understanding of economics they will be appealed to by one form of collectivism or another. But when they embrace sound economics, collectivism will cease to be a menace.

All creatures take the world pretty much as they find it, save man. Man alone has the gifts which enable him to entertain an idea and then transform his environment in

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accordance with it. He is equipped with needs which the world as it is cannot satisfy. Thus he is compelled to alter and rearrange the natural order by employing his energy on raw materials so as to put them into consumable form. Before he can do much of anything else, man must manufacture, grow, and transport. His creaturely needs man shares with the animals, but he alone employs economic means to satisfy them. This is an enormous leap upward, for by relying on the economic means man becomes so efficient at satisfying his bodily hungers that he gains a measure of independence from them. And when they are assuaged, he feels the tug of hungers no animal ever feels: for truth, for beauty, for meaning, for God.

A Means to All Our Ends

Whatever may be man's capacities in the upper reaches of his nature—to think, dream, pray, or create—it is certain that he will attain to none of these unless he survives. And he cannot survive for long unless he engages in economic activity. At the lowest level economic action achieves merely economic ends: food, clothing, and shelter. But when these matters are efficiently in hand, economic action is a means to all our ends, not only to more refined economic goods but to the highest goods of the mind and spirit. Add flying buttresses and spires to four walls and a roof, and a mere shelter for the body develops into a cathedral to house the spirit of man.

There are two schools of thought which incline to dismiss economics, but neither has much excuse for being except as a protest against the errors and onesidedness of the other. On the one hand are the economic determinists, who argue as if man were merely a soulless appendage to his material needs. For them, the modes of production at any given time decree the nature of man's institutions, his philosophies, and even his religions. Economics, under this dispensation, will lose its independence and become a mere tool of the State.

On the opposite side of the fence is a school of thought which appears to regard it as a cosmic calamity that each soul is sullied by connection with a body which must be fed and kept warm. Spiritual purity will not be attained until there is deliverance from this incubus; but until that happy day let us try to forget that man has creaturely needs which only the products of human labor can satisfy. Nothing in this scheme disposes men to pay any attention to economics! But there is a third way.

The mainstream of the Judeo-Christian tradition is characterized by a robust earthiness which makes it as alien to the materialism of the

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first of the above alternatives as to the disembodied spirituality of the second. Soul and body are not at war with each other, but are parts of our total human nature. It is the whole man who needs to be saved, not just the soul. Creaturely needs are, therefore, legitimate; and being legitimate they sanction the economic activities by which alone they can be met. They cannot be met by political action. The market economy presupposes a moral order, and it needs a framework of law to punish breaches of the rules. But granted this institutional framework economic activities are self-starting and internally regulated. Political action which goes deeper into economic life than maintaining the Rule of Law commits the injustice of giving economic advantage to some at the expense of others.

Christianity is a religion of world and life affirmation. It includes the dimension of eternity but it is not "other worldly." It can therefore extend diplomatic recognition to the temporal order and respect the integrity of its political and economic rules while insisting at the same time that ultimate felicity is not to be attained by any conceivable improvement of that order. Utopia is not within its purview.

Contemporary social and scientific theory is now at least open-ended toward this idea, having shed the utopian expectancy of last century. Theories about people and things are no longer expected to hang together with the neatness of a proposition in Euclidean geometry. The rationalist may demand that life conform to his verbal formulations of it, but reality refuses to be thus coerced. Anyone can draw up a blueprint for an ideal society composed of bloodless abstractions who are expected to perform like puppets. But when we deal with man in all his concreteness, the rules must be tempered with artistry. In religious terminology, this artistry is the practice of the traditional religious virtues of mercy, compassion and charity. ⊕

IDEAS ON LIBERTY

A Dangerous Paradox

WE must beware of the dangers that lie in our most generous wishes. Some paradox of our nature leads us, when once we have made our fellowmen the objects of our enlightened interest, to go on to make them the objects of our pity, then of our wisdom, ultimately of our coercion.

LIONEL TRILLING

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Scott D. Palmer

The Real Exploiters

ONE of the most dangerous economic myths of our time is the notion that the relative affluence of the Western industrial nations is somehow responsible for the grinding poverty of the so-called "third world." According to this view, greedy Western businessmen who invest in underdeveloped countries "exploit" the inhabitants by paying them starvation wages and draining their country of its natural resources. The effect of this double exploitation, so the liberal doctrine goes, is to reduce a once happy and prosperous people to slavery and abject destitution. As a solution, we are told that the ill-gotten wealth of the richer nations, especially the United States, must be globally redistributed to raise the living standards of the poorer lands.

There is only one thing wrong with this liberal fairy tale: it is false. Foreign investment in underdeveloped countries, far from reducing the inhabitants' standard of living, has made it possible for them to enjoy a material abundance which they otherwise could not even have imagined. It is easy to understand why dictators in these countries make the irresponsible charge of "exploitation" to justify seizure of foreign capital; it is not easy to understand why this accusation is so readily accepted by intellectual leaders of the West.

Let's examine the three main parts of this doctrine of economic exploitation.

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Are Workers Exploited?

Does Western business exploit the laborers of underdeveloped countries? The liberal reasoning seems to go like this: A business will not invest in an underdeveloped country unless it has something to gain by doing so. If someone gains, then somebody else has to lose. Therefore, since foreign business gains by investing in underdeveloped countries, the inhabitants must lose; and one way they lose is by being forced to work for lower wages than are paid in the advanced countries.

The first thing to notice here is that the liberals have misunderstood the nature of voluntary exchange: they believe that if one person gains, another must lose. That *is* true if the relationship between the two people involves force or coercion. If you have an apple and I grab it away from you, then I have gained and you have lost. But suppose that, instead of using force, I offered to trade an orange for your apple and we made a voluntary exchange. Then I would have gained, because I wanted the apple more than the orange. If I hadn't wanted the apple more than the orange, I wouldn't have made the trade. But *you* have gained, too, since you wanted the orange more than the apple—otherwise you wouldn't have made the trade. In a voluntary exchange, both participants benefit and nobody loses.

What is true of trading apples for oranges is also true of trading labor for wage payments. If a worker in an underdeveloped country feels that the wages an employer offers him are too low, then he is free to devote his time and effort to tasks which he regards as more profitable. This is true whether or not the employer is a foreigner. If, however, the worker agrees to a specified wage, then he demonstrates that the money he gets is worth more to him than the time and energy he gives up; otherwise, he wouldn't have agreed to the exchange. Since he voluntarily enters into and profits from the exchange, there are no rational grounds for claiming that he is "exploited."

Does the worker in a backward country make a high wage by Western standards? No; and this brings us to another argument which purports to prove that he is exploited. Suppose that a worker in New York City makes $5 an hour, while a worker in Venezuela makes only $1 an hour for exactly the same work. If the man in New York City is being paid what his work is worth, then doesn't that prove that the Venezuelan—who does exactly the same work—is being exploited to the tune of $4 an hour? After all, if it's the same job and it's worth $5 an hour in New York, then it must be worth $5 an hour in Venezuela.

The fallacy in this argument

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comes from a failure to understand that the value of labor—or, for that matter, anything else offered for sale—is not objective and unchanging but is determined by market conditions. For example, here in southern Indiana eggs are much less expensive than they are in New York City. Because of local market conditions, i.e., a large supply of readily available farm products, the price of eggs is lower here than in the New York market which draws supplies over great distances. In the same way, the large supply of labor in underdeveloped countries, often combined with a lower level of skill than would be found in the advanced nations, tends to push down the price of labor (wage rate) for local workers.

Does the worker in such a country make as much money as he would like to make? No. Obviously, from his point of view, the best wage would be a million dollars an hour. The company, on the other hand, would prefer to pay him nothing at all. The fact that worker and company are able to arrive at a compromise figure provides no justification for the claim that either is "exploiting" the other.

Are Natural Resources Drained?

The next part of the exploitation doctrine was the accusation that industrial nations drain underdeveloped countries of precious natural resources without proper payment. Let us make it clear at the outset that we are discussing a situation in which a foreign firm has discovered and brought into use a natural resource which was previously unused. What are we to make of this charge?

Let's think about it for a minute. The fact that the resource in question was previously unused means, most likely, that no one had seen a way to profitably make use of it—and hence had not bothered to assert any claims to ownership. If a foreign firm discovers a profitable use for it and makes a claim, then—for a moment, at any rate—it has made the *only* such claim to ownership and is at least the *pro tem* owner. When the use for the resource becomes known, as it inevitably will, others may also wish to exploit the resource, and may make competing claims to own it.

It is easy to see that, since the country's government has legal jurisdiction, the competitors for title to the resource must look to that government to arrive at a reasonable adjudication of their claims. But if anyone regards the settlement which results as unreasonable—as unjustly benefiting the foreign firm at the expense of local claimants to the resource—then he should lay the blame where it belongs. The local government,

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not the foreign firm, decides on the conditions under which the firm may use the resource. If there is exploitation, then it is exploitation devised and sanctioned by the country's rulers, and the problem is not between the people and foreign business but between the people and their government.

Do the Rich Rob the Poor?

The third and final charge was that Western business has caused the poverty of the underdeveloped nations, and that the industrial countries are rich because they have taken advantage of these unfortunate lands. We have already seen, in the preceding discussion, that neither of the first two charges will stick: the West is "not guilty" of economic exploitation. But rather than simply washing our hands of the matter, let's ask the question: Why are the industrial nations rich and the third-world nations poor?

Why does an American who pushes a button eight hours a day enjoy a higher living standard than an Asian peasant who pushes a hand-plow sixteen hours a day? It will do no good to say that the American works harder; he doesn't. The answer is that the American has more and better tools to work with than the Asian peasant—tools which enormously magnify the productivity of his labor. And there is only one way that these tools can be made available: through *capital accumulation.*

Capital accumulation means a diversion of labor and resources from purposes of current consumption to the creation of tools needed for higher future productivity.

Consider the simplest case. Robinson Crusoe, washed up on his island, may find that if he labors ten hours a day chasing rabbits he can enjoy a diet of two rabbits a day. Suppose he then decides that if he had a bow and arrow, he could enjoy a diet of ten rabbits a day. In order to get the bow and arrow, he must use some of his time and labor to make it: time and labor he would otherwise use to chase rabbits. Thus, if we assume he devotes five hours a day to chasing rabbits and five to fashioning a bow and some arrows, he has reduced his present standard of living to one rabbit a day in the hope of having ten rabbits a day when he finishes the tools.

What is true of Robinson Crusoe is true of whole societies. The only way for a poor nation to improve its living standard is by increasing the number and quality of tools which its people work with. Not just any tools will do, either. If Crusoe, like so many governments of third-world nations, decided to build a steel mill or an atom bomb instead of a bow and arrow, we would justifiably question his sanity. The tools required are those to help satisfy the

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most urgent needs of the consumers—in this case, Crusoe's need for food rather than steel.

Since present living standards must be curbed in order to produce tools (accumulate capital), we can see that the process must take place slowly if at all in a land whose inhabitants are already on the verge of starvation. It would be a tremendous stroke of good fortune if the members of some other society were willing to provide the local laborers with the tools needed to increase their production and make better lives for themselves. And that is precisely what happens when a business from an advanced nation invests in an underdeveloped country. Anything, therefore, which discourages such investment or makes it impossible, only prolongs the poverty and suffering of the people.

The people of underdeveloped countries *really are* the victims of exploitation—but not by Western business. Who are the real exploiters? The real exploiters are their rulers, who make economic progress impossible by punishing domestic success and by taxing, regulating, and nationalizing foreign investment right out of the country. The victims who would avoid such exploitation must first throw off the yoke of socialist dictatorship. Then Western business may serve them.⊕

IDEAS ON LIBERTY

The Failure of Planning

FREEDOM-LOVING people, in the name of preserving and spreading freedom, are unwittingly financing and otherwise sustaining socialist policies which thus far—sensational projects and schemes apart—have yielded little else than social injustice, unemployment, poverty, and conflict. Though the Indian planners and their overseas supporters are full of promises and hope, these policies can hold out prospects of nothing better for the future. . . . Statist policies in India might have been abandoned long ago, but for the intervention of foreign aid, which kept the coffers of the prodigal replenished as they became depleted, the moral support lent to statist policies by visiting "experts" from overseas, and the colossal gains in money and power which these policies yield to the politician and civil servant.

PROFESSOR B. R. SHENOY

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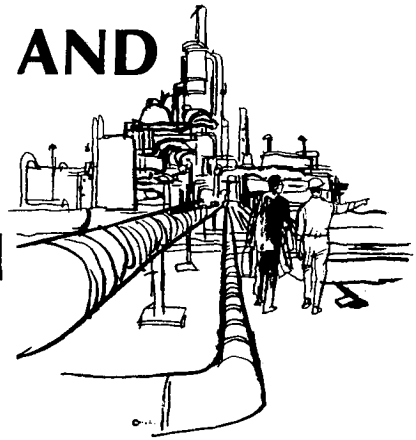
John Semmens

REGULATION AND ENERGY TRANSPORT: An Unnatural Disaster



THE REGULATION of pipelines for gas, oil and other substances is so complex that the regulation of other modes of transportation appears simple by comparison. Jurisdiction is scattered over a multiplicity of government agencies, any one of which can obstruct and delay, but no one of which can give full clearance to proceed. All this, in pursuit of the general welfare. Yet, few would maintain that the general welfare is being served by the collage of policies growing out of such regulatory efforts.

Regulation is born of the idea that the market is deficient in some way. These claimed deficiencies run the gamut from notions of consumer ignorance and impotence to producer ignorance and impotence. Proponents of increased regulation may be found simultaneously contending that without government controls producers not only would collude to gouge the consumer, but would engage in destructive competition as well. Only with the beneficent guidance of the regulatory commission can justice and economic efficiency be assured—or so the theory goes.

If such assertions be true, one must wonder how study after study can continue to uncover a recurring pattern of regulation-bred stagnation, corruption, inefficiency, and protectionism. A revealing defense of regulation was made in 1974 by the General Counsel of the Interstate Commerce Commission.

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Four arguments were raised on behalf of regulation. First, that the regulatory agencies usually yield, sooner or later, to the inevitable changes in the business environment. Second, that the delays occasioned by the ICC, for example, were not that bad. Third, that the waste engendered by regulation is not as bad as it could be. And finally, that regulation will not be as wasteful in the future as it has been in the past; the "new" waste mandated by government controls will not be as gross as the "old" waste.

Despite its indefensibility, regulation persists. The impact that the regulatory system has upon stationary transportation conveyances, primarily for shipment of energy products, will be the focus of the remainder of this report.

Imperfect Competition and Incompetent Regulation

In approaching the issue of competition, or rather, its imperfections, as a rationale for government involvement, many proponents begin by constructing an abstract *perfect* competition. This *perfect* version includes such notions as an infinite number of buyers and sellers in the market, as well as instantaneous information on supply and demand conditions. Under such a system, it is agreed that no regulation would be necessary. However, no such system exists. What does exist is *imperfect* competition. The role of regulation then becomes clear. By careful adjustments to this imperfect environment, it is claimed, the regulatory commission can remove the detrimental consequences and more nearly satisfy all needs.

To be sure, the interveners have the best of the phraseology. After all, the government is seeking to correct the *imperfections* of the market, to insert deliberated *planning* and *controls* in place of the implied chaos of *unplanned* and *uncontrolled* markets, to insure *fair* competition. While phraseology may be useful as propaganda, it is impotent to deal with the economic realities.

The *unplanned* and *uncontrolled* market is something of a misnomer. Actually, the market is a reflection of the continuous give and take of numerous participants, *each of which is making its own plans and exercising its own controls.* This very multiplicity of plans provides the flexibility that regulation lacks. And this is why unregulated markets consistently exhibit superior performance in meeting the needs and wants of consumers.

Contrary to official dogma, it is the planned and controlled segments of the economy that are most chaotic. The only competition that has been "improved" by regulation is that between the growing number of government agencies and bureaus

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fighting over jurisdictional authority. The major result of this achievement has been to divert effort from productive activities to legalistic wrangling between the regulated businesses and the various regulatory bodies. The net result, of course, is a reduction in the aggregate wealth of the community. This is no mean accomplishment, but it is questionable whether a reduction in wealth is socially desirable. It certainly is not the objective sought by the intervention.

Like some automaton gone berserk, the regulatory commissions have frequently transformed their initial programming from preservation of competition to preservation of selected competitors. There are two predominant techniques. One is paternalism. The other is bureaucratization. Paternalism is evidenced when, in order to prevent "predatory" or "cut-throat" competition, the regulatory agency bars new entrants into the field and restricts or discourages innovations. The case-by-case methods followed produce no clear guidelines for the regulated industry. At the same time, vested interests of existing firms in market shares are treated as a property right. A would-be competitor's proof that it could provide more efficient service is not considered a reason for allowing such a firm to enter the controlled market.

Bureaucratization is a more invidious force in the destruction of competition. Even those on guard against paternalistic inclinations fall prey to this vice. The key manifestation of this phenomenon is the government's voracious appetite for paper. Not only do bureaucracies produce mountains of paper, but they consume them as well. The regulated firm is constantly besieged to produce more reports, provide more statistics, complete more forms. Smaller firms are hardest hit by this imposed cost of doing business. Not too surprisingly, the larger firms may be the only ones able to meet these costs.

The reduced competition brought about by the very actions of the regulatory authorities then becomes their reason for increasing regulatory powers. Nor can the heretofore protected competitors feel at ease. The regulatory agency may, at any time, turn on them with accusations of attempted restraint of competition or monopolistic practices, though, in truth, they may only have been following the dictates of the regulatory authorities.

It is apparent that regulation, to date, has been incompetent to achieve improved competition. Incapable of assuring good performance in the monitored industries, regulation thrashes about in aimless fashion lopping off consumer options, raising the costs of doing business, insuring misallocation of

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scarce resources, rewarding inefficiency—all to the detriment of the general welfare.

The Price Is Not Right

The prospects for transmission corridors over the next twenty years are anything but clear. With only limited proven reserves foreseen, the anticipated "need" for transport facilities is largely a shot-in-the-dark. It is not irrational to ask why we need new pipelines if we only have ten more years' worth of natural gas to pump through them. Undisclosed in these estimates of reserves are the assumptions regarding price. If current pricing policies are continued, the prognosis is indeed bleak. On the other hand, studies have indicated that with higher prices, the supply of gas would be stretched out for centuries.

There is nothing magical about this. Neither is it evidence of a vast conspiracy to withhold supplies. It is merely the working out of the simple economic law of supply and demand. Supply varies directly with price, while demand varies inversely with price. Therefore, if the price is held below the uncontrolled market level, the quantity demanded will be stimulated and the quantity supplied retarded. Such is the current policy, which inevitably has led to depletion of reserves and the forecast shortages.

Analyses which purport to demonstrate that the supply of natural gas or oil is not sensitive to changes in prices are absurd. Yet, such analyses have spawned a so-called compromise solution based upon "rolled-in" pricing and the vintaging of oil and gas. Periodically, the various governmental agencies involved in this price control will classify various sources of supply as "old" or "new" based upon the initial year of production or discovery. The consequence, over time, is a plethora of classifications, including "old new," "new new," ad nauseam. Once a source of supply has been classified, its price is fixed, based upon the costs incurred in finding and producing it. This, its advocates explain, will enable the producer to recover his investment without allowing him an "unearned windfall" profit—thus preserving incentive while preventing price gouging.

Historical cost as a basis for determining the necessary price to insure incentive for future investment is a fallacy. Investments must earn replacement costs if the product being generated is to continue to be supplied. If, during the time span that the investor is recovering his original cost, the replacement cost of the necessary capital equipment doubles, the "recovered" capital will only purchase half the replacement resources. In an inflationary environment, controls such as those imposed in the rolled-in price system

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result in the consumption of capital. This consumption of capital will inevitably result in shortages and diminished future potential.

Capital Punishment

The long-term consequences of price controls and rates of return based upon historical cost have been dramatic. The inability of regulated firms to earn replacement costs on their investments in capital equipment has led to continual trips to the capital markets. This heavy borrowing has boosted debt/equity ratios, raised the cost of borrowed funds, and lowered the credit ratings of the heavy borrowers. A sample of electric utilities showed a drastic decline in credit ratings in the ten years between 1965 and 1975. In 1965, 19 per cent of the utilities sampled had AAA bond ratings. By 1975, there were none.

It is an unhealthy trend, if the services provided by these firms are deemed to be necessary. It is obvious that the "fair" rate of return policies have been inadequate to maintain the levels of service to which we have become accustomed. For example, in the decade of the 1960's, the average return on investment among Standard and Poor's 500 corporations was nearly 13 per cent. The average return on investment for oil and gas producers was 6 per cent—this despite the Federal Power Commission's nominally allowed rate of 15 per cent. Obviously, with such a ratio persisting over time, it is inevitable that capital will flow out of oil and gas production and into other ventures.

It is a sorry state when public policy has the effect of channeling scarce resources away from the production of necessities in order to make them available for what may be considered more frivolous enterprises. However, the proposed remedy of mandatory credit allocation or government loan guarantees is no solution. Government absorption of available credit has been a large contributor to the problem. In 1960, government borrowings accounted for less than 13 per cent of total borrowings. By 1975, government borrowing amounted to more than 25 per cent of the total. Increasing government intervention into the credit markets, even for such seemingly salutary purposes of securing funds to finance production, transmission, and distribution of heating oil, natural gas, electricity, and the like, can only worsen this problem.

Need For Economic Calculation

As regulation displaces the market allocation of resources, the government will have no means of calculating investment priorities, no means of assessing the cost/benefit returns, no rational method of allocating resources. Government takeover of pipelines or government

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backed loans would not really lower the cost of financing. Such maneuvers only result in shifting the burdens of finance onto third parties. Economic goods have costs, resources are limited. The selection of one set of alternatives precludes the use of those resources on another. Access to government credit or the Federal printing press does not create wealth, it merely transfers it from one holder to another.

Under the complex system of regulation that pervades the economy, there is no way of knowing which transfers serve to redress and which serve to perpetuate imbalances and distortions created by previous waves of interventions. It is safe to say, though, that public policies will be conservative and cautious when it comes to innovations. The regulatory concept is inextricably tied to the continuation of the present into the indefinite future. In fact, one might go so far as to say that the idea of regulation cannot conceptualize innovation.

Each successive wave of transportation technology has found a separate regulatory body set up to control all or part of a particular mode of transport. There is no comprehension of the generic service performed by all modes. Consequently, there can be no comprehension of unforeseen methods of accomplishing the same ends. Public policy is firmly founded upon this myopia. When new techniques come along, they are almost invariably opposed and, at the very least, delayed by regulatory policies. As the regulatory commissions intrude more and more into the economic activities of the nation, capital for innovative ventures will disappear.

Socially Unacceptable

In the final analysis, the deliberated controls that regulation seeks to insert as a substitute for market forces, far from being a stabilizing factor that aids long-term planning, have the effect of creating chaos and aborting long-term planning. The multiplicity of government agencies, bureaus, commissions and departments, each having a veto over a regulated firm's proposed measures to meet the needs of its customers, insures a lack of coherence to public policy. In the pipeline transportation system, some lines come under ICC regulation, some under FPC. It doesn't stop here, though, as other agencies—FEA, EIA, EPA and ERDA—play a direct role in blocking various operations of these transport modes. On top of this, the Federal Departments of Transportation, Commerce, Justice, Labor, and now Energy, each have their own fiefdoms of regulatory authority. Add to this the various comparable state agencies and the judicial system and it is plain to see that nothing will ever be done easily or

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quickly, if in fact it ever gets done at all.

The path of the regulated firm is strewn with obstacles. Cataclysmic changes in public policy on short notice are a frequent source of disruption to a firm's planning efforts. Short-term political considerations have also played a prominent role in the making of regulatory decisions. And it is not unusual to find that a business's rational efforts to provide for its future needs will serve as the impetus for government-imposed penalties. Firms which were perspicacious enough to anticipate the shortages of natural gas and make provisions for supplementary sources of power were among the first to be curtailed by regulatory mandate, while profligacy and lack of future planning on the part of others were rewarded by special dispensation in government allocation decrees.

Of course, the distortions brought about via the regulatory system are not confined to business firms. The ills of this system have spilled over into all segments of society, aggravating social and economic problems. The price controls on sales of interstate gas have had the effect of encouraging industries to move out of the populous northern cities to relocate in the sun belt where intrastate gas is available. Left in the wake of this migration are worsening unemployment and economic decline in the central cities. Meanwhile, the ceiling on prices of domestically produced oil and gas has had a net economic impact of shifting the production, and the jobs and capital that go with it, to overseas producers. This also aggravates unemployment problems, creates massive debt obligations to foreign countries, and places enormous capital investment in areas vulnerable to capricious and unstable foreign regimes.

Why Proposed Remedies Are Bound to Fail

Few people will deem these social and political repercussions desirable by-products of regulatory policy. Yet, the remedial actions currently under consideration hold forth no indication that anything has been learned from the unpleasant consequences of past regulatory interventions. On the one hand, the Carter Administration is proposing to penalize consumption, while many critics are urging subsidies to production. Each of these measures alone uses only half of the market mechanism. Utilized together, we would enjoy the ludicrous charade of bureaucrats attempting to simulate market conditions by a combination of taxes and subsidies. In their comprehensive study, *The Economics of the Natural Gas Shortage, 1960-1980,* MacAvoy and Pindyk demonstrate that of the options

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discussed, deregulation, by far, provides the most efficient solution to ending the shortages of natural gas.

A little further down the line of ridiculous "solutions" to regulation-caused problems are the forced conversion to coal and the sharing of shortages. Spreading the shortages around will only serve to entrench the problem. Allocations by government dictate override the ability of anyone or any firm to plan for its own needs. Enterprise is stifled while everyone must await the latest government decrees. The incentive for foresight is diminished and reliance upon the vagaries of chance is propagated. Under priority systems which favor residential use of gas, sections of the country will face 90 to 100 per cent curtailment of industrial users by 1980. Coal cannot always be substituted for gas. But unemployment and reduced output can be, as the events of last winter have shown.

The evidence is clear; regulation has produced negative consequences. Misallocation, waste, unemployment—all have regulation to blame for at least part of the problems. Acknowledging this, though, it is difficult to know where to begin.

So enormous is the mess that it is easy to imagine conspiracies that have perpetrated "fake" shortages for sinister purposes. Unfortunately, this line of thinking has gained some credence. Energies that ought to be directed at dismantling the barriers to production and satisfaction of urgent needs are, instead, directed at devising suitable punishments for the "guilty." The prevention of "windfall profits" has taken on such overwhelming dimensions that its proponents seem prepared to insure a net loss to society in order to guarantee that no one will gain inordinately from the widespread economic benefits that would follow even partial deregulation.

Until the regulatory ills can be cured, or at least ameliorated, the prognosis for the industries involved will remain bleak, long-term planning an exercise in futility, and society forced to bear unnecessary economic costs without substantive benefit.

Editor's Note: Mr. Semmens offers a 3-page bibliography of books and articles documenting his study. That bibliography is available from *The Freeman* on request.

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John C. Sparks

Through the Eyes of a Connecticut Yankee

THE great storyteller, Mark Twain, describes a nineteenth-century Yankee from Connecticut who suddenly and unaccountably finds himself back in the time of the legendary King Arthur some 1400 years earlier. But the Yankee retains his knowledge and experience from the nineteenth century.

The story relates his frustrations when he realizes he is living in an environment without benefit of the knowledge and development of more than a dozen centuries yet to come. His personal "advanced" intellectual plane, however, enables him to become the major magician of King Arthur's court, surpassing the legendary Merlin. The situations are intriguing and humorous, as only Mark Twain could make them.

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If Mark Twain had lived to write his story today, the Connecticut Yankee would have had a much bigger bag of tricks—a whole century of added knowledge in the various fields of science, medicine, construction, engineering, electronics and all the arts and crafts.

Whatever Twain's underlying purpose in weaving the fascinating and humorous tale, we certainly can use his method to compare our lives with the lives of our ancestors in order to learn what has caused the differences.

Imagine yourself, say a modern businessman, suddenly turned back a century in time. You are not a scientist, but you have a good layman's knowledge of many scientific developments in tools, drugs and medical-surgical procedures. You have enjoyed the electronic accumulation and communication of

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data for decision-making in your business. You know about automotive and jet air travel, have watched television, have vacationed with your family at a variety of the world's interesting places.

Without warning, and armed with nothing but the memory of your prior existence, you awaken one morning in some mid-western U.S. city in the 1870's.

Months go by as you undergo a sequence of unusual and exasperating experiences. At first you want to tell everyone what the 1970's are going to be like. But then, how could you convincingly describe television to your new acquaintances? And your wild tales of a heart transplant and corrective eye glasses that are worn on the eyeballs merely bring laughter. The description you try to convey of an airplane—a machine that will fly and transport four hundred people from New York to Miami in less than three hours—may gain you comparison with another dreamer, Jules Verne. But Jules Verne at least acknowledged he was *dreaming* of the future, while you claim to have stepped back out of that future.

Wisdom suggests that you keep to yourself your knowledge of the late twentieth-century ways of doing things. But the frustration only grows. You miss the comfort of so many "taken-for-granted" modern conveniences not yet invented or developed in the 1870's. An infection that could have been cured quickly by a simple antibiotic shelves you for weeks. A new friend's wife dies of smallpox, common then, but almost unknown a hundred years later. The hours of hard physical labor and tedious mental effort leave little time for recreation. Sanitation measures are primitive at best. Hot summer days are without air-conditioned relief, winter a time of illness due to the prolonged and bitter chill. The crude lighting discourages evening work or even reading. How you miss the ring of a telephone, the spot news by radio, the family car for business and pleasure.

Missed most of all are your family and friends of that future which you've vacated. That, plus the realization that you will never again enjoy the conveniences and comforts you had known in the late twentieth century.

In your loneliness you speculate as to these differences in lifestyle. Are they just a matter of time? You recall the history of civilizations in decay, while others were growing or advancing. And most vivid in your mind is the twentieth-century decline of England as a world power—the high taxation, government ownership of certain resources and services, government medical services, and other coercive interventions in

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the lives and affairs of the people. You would recall discussions of the danger of following in the United States the path taken by the United Kingdom. You conclude that time alone is not the key to the rise or fall of civilization. And it occurs to you that enormous power vested in the hands of ruling bodies—even with the best intentions—produces tragic results.

You try again to explain how life might be (was) one hundred years hence, but none will believe. You try to produce the twentieth-century wonders you have known, but you lack the tools, the skilled workers, the capital, the market demand and marketing facilities, the means of transport and communication. In short, you lack the accumulated saving and investment and the technology for an advanced industrial economy with its miraculous specialization and division of labor.

It finally dawns on you that freedom is your return ticket to the twentieth century. Freedom of people to act peacefully and to receive and own the fruits of success—and to personally suffer the consequences of failure—will produce a society of enormous visible progress, both material and non-material.

You note that there are some entrenched customs and laws peculiar to the nineteenth century that have a depressing effect on personal freedom. But the seeming paradox is that the nineteenth-century curbs on personal freedom are far less numerous than you had known in the U.S.A. in the late twentieth century. So you begin to see that while freedom is the key, it is not an instantaneous provider of the good life.

The removal of a tyrant and the proclamation of individual freedom does not change the horse and buggy to a new Chevrolet overnight. *It takes time in a climate of freedom* for individuals to develop their creative talents, with the resultant material and peripheral benefits. No one can lay a measuring stick alongside a civilization and observe: "It takes twenty-three and one-half years of freedom to produce an electric refrigerator, or fifty-six years for black and white television." No one can program in advance precisely what a free individual will do. But given an atmosphere of freedom, and with no more government than needed to keep the peace, there is every reason to anticipate fantastic material results. There can be no reasonable doubt of the direct correlation in the U.S.A. between the minimal government interference of the nineteenth century and the explosion of material progress of the twentieth century.

It is important to avoid confusion. It is the atmosphere of freedom that unleashes man's ingenuity when he

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learns that he can reap increasing rewards as he better serves the desires of his fellow man. It is *not* the transferring of wealth by government force from those who produce it to those who do not; that destroys incentive. Do not credit unemployment payments, social security benefits, compulsory unionization, or progressive income taxes for the progress of the twentieth century. For it is not these government restrictions and compulsory welfare programs that bring about a high level of living; theirs is quite the opposite effect.

So let us further consider this twentieth-century paradox in the U.S.A.—a higher level of living than known throughout recorded history, even though individual freedom has been on the wane. But this is not so strange when one considers that neither the *new* presence nor the *new* absence of freedom will bring about instantaneous changes. We do not sufficiently understand the miracle of freedom to create it out of nothing in an instant. Nor have we yet managed the total destruction of its manifold blessings. And the great question is: Are we living on borrowed time? Or perhaps the even greater question is this: What am I to do in my time?

It should be clear by now that we have the knowledge and the means to transport ourselves and our posterity *as far backwards* through the centuries as we're willing to go with coercive governmental regulation and control over every aspect of our lives.

Or, we can try freedom, in the faith that the Yankee ingenuity inherent in every individual can lead to a higher level of civilization than man has yet dreamed. ⊕

IDEAS ON LIBERTY

Struggle Inward

THIS, then, should be the goal of all individuals and groups. Instead of struggling outward for equality, struggle inward. Let us spend our energies enlightening ourselves and our own groups, beautifying our own neighborhoods, curbing our own propensity to violence and crime. Instead of trying to cultivate virtue in others, concentrate on cultivating virtue in ourselves. As this is done, true worth will command respect and the last barriers will fall. This goal can be achieved not by force and violence, applied by law from without, but only by free will and discipline exercised under law from within.

ROBERT W. BLAKE,
"Equality under Law vs. Equality by Law"

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World in the Grip of an Idea

14. World War II: The Bitter Fruit of Ideology

Clarence B. Carson

THE IDEA that has the world in its grip is at its roots a simple, even a simplistic, idea. It is the notion that what ails us is the pursuit of self-interest by individuals, a pursuit which leads to the dispersal of energies, diversity, and competition, even conflict. The cure for this, so the proponents of the idea claim, is to forge a social unity in which all efforts will be concerted toward the realization of common goals. Government is the means they employ toward this end, and the method is to remove the legal, social, and cultural props which enable the individual to act in his own interest; removal of those props makes it necessary for him to act for common goals. Revolutionaries propose to bring this about by drastic and forceful measures. This articulation of the idea is commonly called *revolutionary socialism.*

World War II was a titanic struggle between opposing varieties of revolutionary socialism, between Soviet Communism and Nazi Germany. It was a struggle for dominance over Europe, particularly cen-

In this series, Dr. Carson examines the connection between ideology and the revolutions of our time and traces the impact on several major countries and the spread of the ideas and practices around the world.

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tral and eastern Europe (and on the Japanese side for the dominance of Asia and the Pacific). Hitler's variety of socialism was the more virulent of the two. Soviet Communism is inclined toward subversion, conspiracy, and the plodding pace of a projected historical development. Nazism was the vision of a single man, something to be realized in his lifetime. Hitler was the apotheosis of National Socialism, its personification and deification. Communism is supposed to be victorious in the world by the process of historical determinism. National Socialism's victory was supposed to be the destiny of a single man—and the German people.

No Time for Subtleties

Hitler grasped the rudiments of the idea that has the world in its grip; the subtleties eluded him, and he had no time for them. His socialism came to him by way of osmosis, something filtered into him from the intellectual climate of the time. He tacked his prejudices on the rudimentary idea, and the result was National Socialism. Whatever of intellectual gloss it had came from such fringe German thinkers as Houston Stewart Chamberlain, Oswald Spengler, Alfred Rosenberg, Karl Haushofer, Friedrich Nietzsche, and Richard Wagner. It should be noted that these were not socialist thinkers, as such, and most of those with a bent toward socialist ideology who entered the Nazi movement were either sloughed off or played minor roles in the government. Hitler's socialism was not Marxian socialism or Revisionist socialism or any other of the generally accepted varieties. It was Hitlerian socialism, i.e., National Socialism—Nazism. It was revolutionary, militant, anti-communist, racist, nationalist, and martial.

Left to his own devices, it is doubtful that Stalin would have gone to war against Nazi Germany. During their sixty-year span, Soviet Communists have gone to war against a major power only once voluntarily, and that was against Japan when it was apparent that the days of the Japanese Empire were already numbered. Soviet leaders have preferred to let "you and them" fight rather than to become embroiled in a major war. Communism is bent toward warfare, but it is civil war, not foreign wars in the usual sense. In the first place, communists make a kind of war against the people over whom they rule. In the second place, they foment strife in other countries which can break out as civil wars. The indications are that the leaders of the Soviet Union like very long odds in their favor when they go to war. The odds, if any, were on the side of Gemany in 1941.

By contrast, Hitler sought war rather than avoided it, and major

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powers were the only ones really worthy of his steel, although he was quite willing to crush any small power standing in his path. Moreover, Hitler frequently flouted world opinion and flaunted his obnoxious racial ideas before the world. His contempt for other peoples was hardly held in check. Yet, there were times when Hitler apparently longed to be not just the conqueror but the hero of the people of the world. Perhaps, he longed to be loved, as most men do, but was led by what he conceived to be his mission to do unlovely things. There is a vast amount of evidence to the effect that he had great personal magnetism and unusual leadership abilities. Time and again generals came to his headquarters discouraged and depressed, ready to give up, only to go forth from their session with Hitler inspired with a new zeal to fight on. It was not just sycophancy that led those around him to speak of his powers.

To Gain the World

Anti-communism was his chosen route to world veneration. If the world would only see him as he wished to be seen it would see him as its savior from the menace of communism, or so he hoped. His assault upon Russia was to be a crusade against everything he hated: Bolshevism, international socialism, the Slavs, and the seat of what he conceived to be the Jewish conspiracy. In this struggle, he believed the rest of the world would join him if it only once understood what he was doing. Much of the world saw all too clearly what Hitler was doing in Europe, however, to hear what he was saying about Bolshevism. In any case, all that Hitler offered was a Germanic socialism to replace the "international" variety of communism.

World War II was, according to most savants, a total war. It was war waged not only between military forces but against civilians. It was a war in which vast resources on all sides were mustered behind the war effort. It was waged by propaganda, in battle, on land, on sea, in the air, and, above all, against cities. It was a war of conquest by the Axis powers and one which could only be ended by unconditional surrender, the Allies proclaimed. It derived its character from totalitarian ideologies and entailed the clash of socialist titans. How socialism gave the war its character needs now to be made clear.

Socialism attacks the foundations of civility at many different levels. Socialist analysis, whether Marxian, Bernsteinian, Hitlerian, or whatever, deals with society, and hence the people who compose it, as it were a machine. It speaks of classes or races, of industry and agriculture, of labor, of the proletariat, of

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the bourgeoisie, of nations, and so forth as if these were things mechanical in nature. It pits class against class, race against race, nation against nation, and group against group for dominance and control. It dehumanizes, reducing man to that accidental portion of himself by which he may be classified in some mechanical fashion. It decivilizes. (Statistics applied to man is the ultimate mental act of dehumanization, for it reduces man to a number. And it is hardly an accident that the use of statistics has grown with the spread of socialism, for they are a prime means of manipulation and directing change. Statistics ought to be used in public with the same restraint as profanity, for they profane man by reducing him to a virtual nullity.)

Another way that socialism attacks the foundations of civility is to weaken or destroy the inherited culture. Culture is society's way both of liberating and restraining man. Socialism, whether of the communist or Nazi variety, proceeds by undermining the received religion, morality, education, literature, and customs and either destroying or controlling and redirecting them for its purposes. The removal of civilized restraints was a major contributor to the ferocity, the extent, and the atrocities of World War II.

But it may be well to examine in some more depth the assault of socialism on the foundations of civility at a rudimentary level. The most basic and direct attack of socialism is upon private property. (That the Nazis gave other ideological grounds for their confiscation and control of private property did not alter the primacy of their assault on property.) This set the stage for much else that followed, including the atrocities of World War II and after.

A Small Atrocity

A simple story may help illustrate the point. This is the story of a small atrocity, an atrocity so insignificant beside the monstrous ones of World War II that it would not appear to be worthwhile to tell it. Yet it is a poignant story and, if I mistake not, one pregnant with meaning. It happened in a village not far from Bonn, Germany on a raw overcast morning in March of 1945. The scene was the kitchen of a small house. In one corner of the room sat an old German couple, huddled in their winter clothes against the chill weather. In the center stood a couple of American soldiers, cooks for a mortar platoon of a heavy weapons company. I stood aside, watching. One of the soldiers was picking up china, piece by piece, dropping it to the floor and breaking it. The old couple cringed and mumbled to one another. The soldier silenced them with a menac-

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ing look and turned to us to say, "I've been in this war since North Africa, and the Germans are to blame." He proceeded to smash the rest of the china. It may not have been china that would have brought a great price in the market, but it was such as they had, and by the looks of them they could not easily replace the broken pieces. It was, as I said, only a small atrocity.

Whatever moved him to this destructive act, this callous soldier had grasped, however unwittingly, what lay at the root of the cause of World War II and was re-enacting it. I viewed his act at the time with a mixture of horror and disgust, but I was helpless to do anything about it, for I had no authority and was there only temporarily awaiting transportation to my platoon. What hurt me, of course, was his wanton disrespect for property, someone else's property at that!

I had been brought up to respect property, to use it with care, and to value it: mine, the family's, and that belonging to others. It was a lesson drilled into me as a child and reinforced on at least one occasion which I recall by a rare whipping from my father. One of my brothers and I had been throwing pieces of baked potatoes at one another. There were several violations going on, but I suspect that the most serious was the misuse of baked potatoes. They were intended to be eaten, not as missiles in fraternal conflict. I was taught respect for much else besides, but I now understood that undergirding and buttressing the rest was respect for property.

Disrespect for Property

Socialism inculcates disrespect for property, not in the abstract, perhaps, but in the concrete. Socialists hold real property owners in contempt and particularly owners of productive equipment. When they are in power they confiscate property or take effective control over it. In theory, this might do no harm to the property, but in fact it is quite otherwise. One of the Catholic popes is supposed to have said something to the effect that property ownership may not be good for the individual but it is very good for the property. Whatever the merits of the first part of his proposition, the insight in the second part is sound: No better way has ever been found to have property cared for, protected, and used properly than private ownership of it. Property held in common is frequently abused and neglected, being protected mainly by such habits as have been formed in caring for private property. State-owned property can attract little more respect than the state that owns it; not much, one gathers, as the state becomes bloated with the tasks it takes on and poorly performs.

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There is an essential nexus between property and man. It is the means of his livelihood, the base of his production, the goods with which he trades, and the foundation of his independence. Individual life depends upon it, and social life withers without it. Socialism breaks this connection between man and property. Socialists fulminate against property and the propertied, describe them as capitalists or "finance capitalists," as exploiters, and, by implication, hold property in contempt.

Property is a vital extension of the man who owns it. It is his lifeline to and from the world about him, a buffer from the outside and one of his most effective means of reaching out to others. In socialist theory, man's individual ownership and control over property is only an incident in his historical development. Property is, therefore, separable from the individual who owns it. So it is, of course, but if it is done against his will the effects are devastating. A man's heart is separable from the rest of his body, but if it is ripped out he must surely die. Man does not necessarily die when his property is taken away, though he may; but he is bereft of his main protection from, and means of contributing to, those about him.

My central concern here, however, is with the extended impact of the loss of respect for property and a general assault upon it. There is no way to launch an assault upon a man's property without at the same time assaulting him. To put it another way, lack of respect for property is part and parcel of lack of respect for the owner of it. Every property owner surely feels this; it tends to be one of his reasons for going to the defense of his property.

A Protective Shield

There is a shield, so to speak, which protects each of us from violation by others. Property is the outworks of the shield. It is the boundary line of our real property, the walls of our house, the enclosure of our vehicles, the door to our rooms, and the clothes that we wear. The innerworks of the shield are the awe in which we hold life and the respect for the individual and what is his. Loss of respect for property precedes or accompanies the destruction of the outworks of the shield. Respect for the individual and the awe with which life is held crumble as the outworks are breached. Of course, the assault upon religion, morality, and the received culture accompanies the assault upon property in socialist lands. This assault cuts away the respect for property, for the individual, and for life, too.

The ferocity and brutality of World War II, then, was a consequence of the erosion of respect for property, for the individual, and for

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life. It frequently occurred in that order, too. The trespass, confiscation, and alienation of control over property from the owner frequently preceded the assault upon the individual and the callous taking of lives. The Jews in Germany had generally lost the bulk of their property or control over it long before they were shipped to such places as Auschwitz to be exterminated. First, they lost control over department stores, publishing houses, and other types of businesses. Then they were denied employment in many areas. Only after they had lost whatever means they had once possessed for protecting themselves were they subjected to the "final solution." Totalitarianism proceeded in Germany by divesting the people in general of the control of their property.

The serving up of Russian soldiers in vast numbers as cannon fodder had been preceded by the confiscation of their property and increasing control over their lives. The individual counts for nothing, Soviet propaganda had taught, and the leaders demonstrated the validity of the thesis using men as if they were nameless things in combat. A Russian detachment in retreat marched by the place where a Russian soldier was lying dead. Someone asked if they were not going to get his identification. "For what purpose?" asked the officer in charge. "So that you can notify his family," was the reply. "Oh, that's not necessary," the officer said, "when they don't hear from him after awhile they'll realize he is dead." Tens of thousands of German prisoners disappeared into the Soviet Union, never to be heard from again. The government of the Soviet Union proposed to plan every aspect of the economy for a huge empire, yet could not be bothered to perform the most basic task of government of notifying the next-of-kin of those who died in its charge.

First Trespass, then Death

Though we may not ordinarily think of it that way, much of the maiming and killing of war could not occur until property had been trespassed. This was certainly true for World War II. The millions of civilians that were wounded and killed by bombings and other sorts of bombardments were usually initially the victims of trespass first. Those under shelter were usually secure until the building around them had been struck, set fire, or demolished by shells or bombs.

Perhaps it can be visualized this way. One of my most vivid images from World War II is of rooms nakedly exposed to onlookers when the outer walls had been blasted away by bombs or shells. It sticks in my mind that I gazed upward once, though it may have occurred any number of times, into a delicately-appointed bedroom indecently ex-

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posed for all to see. The three walls left standing were pink, the bed had one leg hanging over that portion of the floor that had been bombed away, and there was a dresser and table or stool. It was a room such as might have been lived in by a young girl. The trespass in such cases, and the violation of civilized rules and decorum, was virtually simultaneous with the maiming and killing.

This is not a brief against war as such. It is intended, however, to call attention to those ideologies which hold property, and hence life, in contempt, and by so doing turn war into a catastrophically destructive affair.

The boundaries of nations, too, serve as a shield protecting the lives and property of people within them. The trespass of these boundaries is, by extension, a trespass upon property. National boundaries were violated at will during World War II. Indeed, this was frequently done with callous disregard for the rules of relations among nations: without warning, without any declaration of war, and without restraint. German armies invaded Poland, Norway, Denmark, the Netherlands, Belgium, Luxemburg, and other lands in this fashion. Nor did the Soviet Union, Japan, and Italy observe civilized rules for beginning wars against nations. In consequence of such violations millions of persons were carted off to serve one or another nation as slave laborers for their war machines. The condition, once again, was the trespass of property.

The Defeat of Nazism

One variety of socialism—Nazism or Fascism—went down to defeat at the end of World War II. That portion of the ideology which was racist and militaristic was as nearly discredited as such things ever are. Nazi Germany was thoroughly, completely, and ignominiously defeated. By the first of May, 1945, Allied armies had swept back the once proud German armies onto German soil and that was virtually all occupied. Hitler and his entourage were in an underground bunker in Berlin, a city shattered and devastated by repeated and prolonged bombings and now under siege by Soviet artillery. The roads out of the city were closed and no regular airports were available. In desperation, Adolf Hitler and his bride, Eva Braun Hitler, committed suicide. The SS detachment was hard put to get together enough gasoline to burn their bodies. Much of Germany was in ruins, and the power of the Nazis had evaporated. The rubble in the streets was the remains of Hitler's ambitious plans for architecturally redesigning such cities as Berlin.

The reasons for the defeat need some amplification. At its height, the Nazi empire had encompassed

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most of continental Europe from the Urals to the Atlantic with outposts in North Africa. That portion not occupied was under governments generally friendly to Germany if neutral (Spain, Sweden, Vichy France, etc.) or allied with the Axis (Hungary, Bulgaria, Rumania, etc.) excepting mainly the Soviet Union. What had been European civilization save the British Isles, was under German sway. Never before in history had continental Europe been so near to being under a single power.

Hitler had under his control many of the most highly developed lands in the world, a goodly portion of the most skilled peoples in the world, and experts of unsurpassed ability. German chemists were among the best in the world. (They probably could have made *ersatz* water if hydrogen and oxygen had been in short supply.) Only oil, among major natural resources, was not generally available in sufficient quantity to fuel his war machine. Even so, the potential was there for a Fortress Europe which would have been impervious to all outside power. Why that did not happen needs some explanation.

There were undoubtedly many contributing factors to the German defeat. Historical post mortems have already explored them, and they will not occupy our attention here. But the crucial fact is that Hitler never mustered most of the might of Europe behind him. Most of the peoples never identified with the Nazi cause. Such cooperation as they generally contributed to it was grudging at best and something less than half-hearted as a rule. Indeed, Hitler's only significant effort to get the willing support of the peoples of Europe was to picture his as an anti-Communist crusade. That was obviously a flawed position, however. He might have been able to overcome the implications of the Nazi-Soviet pact but not the fact that he was at war with Britain and the United States, among many other non-communist nations. Moreover, his own cruel regime was hardly an improvement over Soviet Communism.

Submission Sought

In the main, though, the Nazis did not even seek the willing aid of many of the peoples of Europe. On the contrary, the peoples were held in contempt, and the Nazis sought only to beat them into submission. This was in keeping with the ideology. Nazism was *national German* socialism, and all who were not predominantly Nordic or German were believed to be inferior peoples. The cruel treatment by the SS of the peoples in eastern Europe made the Nazis as feared and hated as the Communists had ever been.

Hitler refused on a number of oc-

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casions the importunings of his officers to be permitted to recruit an army from the Russian prisoners of war. Armies of other nations that fought with Germans enjoyed only a kind of honorary status as equals. Hitler generally held the Italian, Hungarian, and Bulgarian soldiers in contempt as inferior to the Germans. Not surprisingly, many of the Italian officers were eager to get out of the war, and the armies from central Europe were at best fair weather friends.

In short, the Nazis failed to muster the support of Europe because of their ideology. Their national racism could only be repugnant to all others. It appears that Hitler could only have mustered the willing support of Europe, if at all, by abandoning his ideology. At any rate, he did not get it, and without it his armies were overcome by forces from the outside even as they were weakened by resistance from within Europe.

Promises Unfulfilled

Hitler had promised to build a "folkish state." He had promised to augment the power of the individual by merging it with the collective, to elevate the German people by freeing them from their submission to the Treaty of Versailles. They would become masters by identification with him as the symbol and embodiment of themselves. There is no doubt, either, that many Germans felt the surge of power as they heard or saw Hitler speak, as they massed to participate in the performance of the Nazi rituals, as they looked on marching German soldiers and won their first great victories. The might of the German collective was palpable at the Nuremberg Party rallies, as hundreds of flags waved above, as searchlights played upward in the skies, as thousands lifted their arms and shouted "Sieg Heil" in unison. For a few years, many, perhaps most, of the German people were caught up in the pomp, the pageantry, and the promises of a collective beatitude.

If so, their exaltation was short-lived. Hitler did not build a "folkish state." He built a state over which Nazi Gauleiters ruled and the "folk" were an instrument of state to be used as their rulers decided. The subjection of other peoples and the importation of forced labor may have hidden from Germans for a time the fact of their own subjugation. Collectivism augmented the powers of the rulers at the expense of those who were ruled. Much of the substance of Germany went into building the instruments for and fighting a war. The more the people built the less they had. However glorious the early victories, more and more of the young men were required to go to war. As the casualty lists lengthened many families came to know the ultimate cost of

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war. None could deny the curtailment of their lives as they spent more and more of their time in bomb shelters to escape the fury of the bombs. The Germans were not a master race, as Hitler had told them, they were only a mastered people.

Disillusionment

Just when individual Germans realized this there is no way of knowing for a whole population. What we do know is that by the end of the war many Germans were glad indeed to have done with Hitler and his obsessive vision. In the last weeks of the war the armies of the Western Allies were often greeted by the Germans as heroes. As American tanks, trucks, and jeeps drove through many towns and cities people lined the sidewalks to wave and cheer. This would have been a smart thing to do in any case, but it had the look of spontaneity about it. At least at the moment of their arrival, the Western Allies were being treated as liberators.

In the east, a different kind of story was taking place. Germans, and others, were fleeing by the hundreds of thousands before the advance of the Red Army. Taking whatever they could with them, they fled toward the west seeking refuge from an army bent on plundering and pillaging and destroying what it would. Sometimes before, but certainly as soon as they could lay down their arms, German troops too sought to make their way west to surrender to the Western Allies. For several days after the end of the fighting, the relics of the German armies poured through the lines of the Western Allies making their way to places of internment. Men clung to the sides of whatever vehicle they could find that would enable them to evade the clutches of the Red Army.

The defeat of the Axis in World War II did not significantly loosen the grip of the idea that has the world in thrall, not for long anyway. True, the hold of the Nazi variety of revolutionary socialism was struck off from western Europe, but in central Europe the grip of revolutionary socialism, communism, was established and tightened.

Tyrannizing Poland

World War II had broken out in the wake of the German invasion of Poland. The British and French governments had declared war on Germany in an attempt to preserve the territorial integrity of Poland. When Hitler heard just before the end of the war that a Soviet sponsored puppet government was being set up in Poland he remarked the irony of it all. The British and French had gone to war against him to save Poland, and now the Poles were being turned over to Soviet

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tyranny. Indeed, any who would ponder the meaning of World War II, and the impact of the idea that has the world in its grip, could do no better than begin with Poland.

Poland has for several centuries been a bending and bent buffer between Russia and western Europe. Time and again Poland has been the scene, or a part of it, of the clashes between European powers and the butt of the treaties by which they ended their conflicts. If ever a people deserved the compassion of men of good will it must surely be the unfortunate Poles. Shortly after the Nazi invasion of Poland the Soviet Union invaded from the east. The country was then partitioned. Part of the country was then "Nazified" while the remainder was being "Sovietized." The full fury of the SS was let loose in the Nazi "zone of occupation." Poland's relatively large number of Jews were subjected to a pogrom the like of which had never been seen before. Some of the most notorious Nazi concentration camps were located in Poland, and the most vigorous extermination was carried out there. Thousands of Jews died in an heroic stand against the Nazis in the Warsaw Ghetto. The resisters were wiped out. Nor were Jews the only victims: numerous Poles were dislocated to allow Germans to move in; intellectuals and potential leaders got vicious attention from the SS.

The Final Blows

As the Red Army advanced upon Warsaw the Polish resistance movement made a determined effort to expel the Germans from the city. The Soviet armies halted their advance and waited, apparently with malice aforethought, for the Germans to wipe out the resistance. Roosevelt and Churchill appealed to Stalin at least to allow British and Americans to airlift aid to the resisters, but their appeal fell on deaf ears. On top of all this, thousands of Polish officers were shot down in cold blood by Soviet forces at the Katyn Forest Massacre. All that remained to be done to destroy Poland, it would seem, would be to sow the soil with salt.

At any rate, the Soviet Union had an eviscerated Poland upon which to impose its regime in 1945. The Soviet Union won the battle for central Europe, a main arena in the contest of World War II. Communist regimes were subsequently imposed on Hungary, Rumania, Bulgaria, Yugoslavia, Albania, and Czechoslovakia. Estonia, Latvia, and Lithuania had already lost all semblance of independence by being incorporated into the Soviet Union. Part of Poland was incorporated into the Soviet Union, part of Germany into Poland, and a communist regime established in East Germany. Finland, too, lost territory to the Soviet Union.

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Could it have been otherwise? Possibly. It was the style, in some circles anyhow, after World War II to blame the fall of these countries to communism, particularly that of Poland, on decisions made at the Yalta Conference of Stalin, Roosevelt, and Churchill in early 1945. This is almost certainly a misreading of history. The concessions made to Stalin at that conference were largely in recognition of a *fait accompli*. The Red Army was already in or marching into these countries. It was the presence of the Red Army that made it possible to establish communist regimes generally.

The Channel Crossing

The decision that sealed the fate of central and eastern Europe was almost certainly made in 1943. It was the decision to concentrate British and American forces in England for a cross-channel invasion of France in 1944. It was the decision for the English channel, so to speak, over the Adriatic and Aegean Seas. The signal for the decision was given in December of 1943 when General Eisenhower was appointed Supreme Commander of Allied Forces and moved from Italy to England to prepare for the cross-channel invasion.

The Western Allies had already established a second front on continental Europe in 1943. It was in Italy. Winston Churchill favored an assault on the "soft under-belly of Europe," probably by way of the Adriatic. Militarily, the most strategic target in all of Europe was the Rumanian oil fields. Once the oil reaching German forces from Rumania and Hungary was cut off the days of the German air force, tank divisions, and guided missiles would be numbered. Politically, if the assault had been made in this way, much of southern and central Europe might have been spared the occupation by the Red Army, and the communist regimes. Instead, armed forces were concentrated in England, and in the course of 1944 much of the military force was withdrawn from Italy to attack westward in support of "Operation Overlord," the cross-channel invasion. The die was cast many months before January of 1945.

Post-War Communism

The spread of communism greatly accelerated in the wake of World War II. The devastation of western Europe, the defeat and demilitarization of the Axis, left power vacuums in much of the world. Wherever these occurred, communists saw them as opportunities for expansion, either by way of joining coalition governments—and occupying key positions in them until one party emerged triumphant—or by fomenting civil wars. Not only had all of

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eastern, most of central, and much of southern Europe fallen to communism, but with Japan defeated and demilitarized, China became communist. As colonies were cut loose from demoralized European countries, these became prime targets for the spread of communism.

Communism was the only significant variety of revolutionary socialism in the world after World War II. But communism is not the only variety of socialism in the world. The idea that has the world in its grip has two faces: one is revolutionary socialism; the other is evolutionary or gradualist socialism. It is appropriate now to turn our attention to some examination of the working of evolutionary socialism.

Next: *15. Sweden: The Matrix of Tradition and Gradualism.*

Potential Dictators

IDEAS ON LIBERTY

IT is customary to call the point of view of the advocates of the welfare state the "social" point of view as distinguished from the "individualistic" and "selfish" point of view of the champions of the rule of law. In fact, however, the supporters of the welfare state are utterly antisocial and intolerant zealots. For their ideology tacitly implies that the government will exactly execute what they themselves deem as right and beneficial. They entirely disregard the possibility that there could arise disagreement with regard to the question of what is right and expedient and what is not. They advocate enlightened despotism, but they are convinced that the enlightened despot will in every detail comply with their own opinion concerning the measures to be adopted. They favor planning, but what they have in mind is exclusively their own plan, not those of their citizens. They want to exterminate all opponents, that is, all those who disagree with them. They are utterly intolerant and are not prepared to allow any dissension. Every advocate of the welfare state and of planning is a potential dictator. What he plans is to deprive all other men of all their rights and to establish his own and his friends' unrestricted omnipotence. He refuses to convince his fellow-citizens. He prefers to "liquidate" them. He scorns the "bourgeois" society that worships law and legal procedure. He himself worships violence and bloodshed.

LUDWIG VON MISES, *Planned Chaos*

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E. G. West

A Prince Replies to Machiavelli:

PHILIP OF ENGLAND ON THE EROSION OF FREEDOM

THEORETICALLY, the husband of the Queen of England is supposed to be strictly neutral and nonpolitical in his public statements. In practice, it appears that the Prince can no longer stand in the wings when large areas of British freedom are, to him, seriously at stake. Some may readily explain why he should now approach the bounds of protocol. For a constitutional monarchy such as Britain's depends upon the working of an open and free democratic system; and should any form of totalitarianism threaten, it could brush the monarchy aside and either abolish or seriously emasculate it—as has happened in so many European countries. But another explanation might be more respectful, as well as more accurate: True patriotism in such high quarters *should* now be expressing itself, regardless of the consequences for the personal security of the private palace. And the Prince *has* such courage.

Although the Prince's main

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"bombshell" fell recently, he seems to have been warming up to it for some time. In February 1976, he wrote: "The welfare state is a protection against failure and exploitation, but a national recovery can take place only if innovators, and men of enterprise and hard work, can prosper." In January 1977, Philip compared Britain's economic troubles to the spread of dry rot in a building. Britain, he observed, had "virtually left the league of the big powers" and was heading for the status of a Third-World nation.

2000 A.D. in Britain

But it was on October 27, 1977 that the royal feelings were ventilated with a new and astonishing gusto. The Prince appeared in an interview broadcast over Radio Clyde's small regional station. He was taking part in a series of six programs in which prominent people have been invited to give their views of what Britain may be like in the year 2000. This, it seems, was his main chance.

Consider first one of his major conclusions:

> It looks at the moment as if we can expect to see an increasing bureaucracy, bureaucratic involvement in virtually every aspect of the lives of individual citizens. If the experience of other countries is anything to go by, this will mean a gradual reduction in the freedom of choice and individual responsibility in such things as housing, the education of children, health care, the ability to acquire or inherit personal property, to hand on commercial enterprises, and the ability to provide for old age through personal savings and, perhaps most important of all, the freedom of the individual to exploit his skills or talents as suits him best.[1]

Similar gloomy predictions have been made in many quarters in Britain for some time. The forecast of growing bureaucracy has long been heralded as only one symptom of a general complaint that has come to be known as "the British disease." This disease is an amalgam of excessive taxation, low productivity, a low growth rate, strong disincentive effects of a welfare state that encourages people to increase their leisure at the expense of employment, and the increase of debt, especially foreign debt. But in recent weeks there has been such improvement in the economic news of the *external* financial position of Britain, that considerable euphoria has broken out in government and near-government circles. It is true that sterling has now been converted to a hard currency. The British balance of payments, moreover, has made a dramatic recovery. Inflation rates too have been brought down from extraordinary heights, and now the

[1] This and other quotations from the Prince's speech are taken from *The Globe and Mail*, Toronto, October 29, 1977.

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hope is to reduce them to below 10 percent per annum by early 1978. Finally, there has been remarkable success in obtaining oil from Britain's North Sea.

Others are less jubilant. Inflation is still at a high rate, they point out; and so is unemployment. Judging from past experience, moreover, governments that preside over growing national incomes will be as tempted as ever to pre-empt the proceeds of growth in further extensions of subsidies to unremunerative (but politically "sensitive") industries, to the extension of the welfare state, to further nationalization, and to a new expansion of bureaucracy. North Sea oil, meanwhile, will not last forever (not much beyond the turn of the century). If there is a breathing space provided right now by such a "bonanza," the opportunity should be taken seriously to diagnose Britain's *internal* structural problems once and for all. For these do clearly persist despite the latest short term evidence of *external* improvement.

Excessive Self-Interest?

It seems to be in the company of these observers, and in this context, that the Prince has openly placed himself.

What factors would we take into account before trying to look into the future? One of the most important is ordinary human nature, and if we are going to consider the future in these islands, we should look at this nature as it appears in the British character.

Self-interest is certainly the most powerful characteristic in most people, and it applies not only in the strictly economic sense. Politicians, bureaucrats, social snobs and even churchmen have a primary interest in the field that occupies their attention. Like all facts of life, ambitions and self-interest are neither good nor bad in themselves; they only become good or bad in the way individuals give them expression.

The unscrupulous pursuit of ambition and self-interest, whether by individuals or groups for whatever purpose without any restraint has always ended in disaster.

Prince Philip's argument, however, does not lead to the stale exhortations of the Utopian romantic who expresses the woolly sentiment that if only we would all "live for the community and not for ourselves" all would be well. Rather the argument (on our interpretation) develops into a more sophisticated and balanced one. Prince Philip's position indeed comes near to the broad philosophy of Adam Smith. Self-interest should not be snuffed out. It needs, instead, to be harnessed to wholesome ends. This can be done in a framework of appropriate institutions where there are clear rules, predictable consequences from violating them, and the absence of arbitrary power. The law, in other words, could be a stronger pillar in

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the system. But, shrewdly, the Prince cautions that the law is "only as good as legislators make it, as sensible as the judges interpret it, and as effective as its enforcement."

A Stronger Moral Code

While self-interest should be allowed much more scope, the necessary restraints on it can be provided ultimately by individuals themselves in a world of abundant voluntary moral restraint. "The only completely certain restraint is self-control based on the voluntary acceptance of certain moral and ethical standards and principles. And this has been a country in which individuals have been inspired by or, to put it another way, had their behaviour modified by the Christian ethic."

More precisely, Philip's argument is that moral values and wise institutions complement each other: *both* are necessary conditions for civilization. If we do not watch the development of our institutions they might eventually contradict rather than support our ethical and spiritual values.

To take a very crude example, it was the combination of the doctrines of Hitler's National Socialist German Workers' Party—more commonly known as Nazis—with a latent popular prejudice against Jews, which produced the concentration camps and gas chambers. This ghastly inhumanity was certainly not in keeping with the normal behaviour of the German people and quite beyond the range of expectation.

Any final estimate of life in 2000 A.D. depends therefore, on a guess as to which way "the battle of the minds" is going to go.

Prince Philip and Political Theory

The Prince posed the choice between a political philosophy which sees all power vested in the state which then concedes privileges to individuals; and the alternative position that the individual counts first and that inherent human rights exist. In the latter view the state exists to preserve and protect the individual's human rights to liberty and integrity.

But if we accept that the individual is of paramount importance, we must also accept that individuals, whatever their job or occupation, must have a common moral code to guide their attitudes and actions. Without this essential qualification society would be reduced to anarchy.

This is not a new choice. Every generation in every community has to make this decision at some time or another. On the face of it the obvious choice would be the philosophy of the individual. Unfortunately, such a system depends upon individual restraint and good sense, and it is really too much to expect that everybody would behave like an angel all the time.

It is this human weakness which is always seized upon by the zealous reformers and those who always know bet-

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ter to justify their ambition to order the lives of their fellow citizens. The fact is that whichever choice is adopted or imposed, it is always easy to find fault with it, but provided that there is open competition to find faults and offer remedies, all is reasonably well.

The Prince insists on the necessity for longer term views to replace short term expedients. The latter road leads so easily to irreversible despotism. We expected too much from government. It is impossible that perfect efficiency can be imposed by it, and even if it could the tradeoff is not worth it.

The pursuit of absolute efficiency in a free society can lead to unexpected consequences. Corrections of real or imagined faults lead to controls. Then, as the controls mount up, the costs and the bureaucracy, which is required to operate the controls, begin to escalate and the emphasis is no longer on the welfare of the individual but on the economic viability of the state.

Gradually—and always with the very best intentions and almost unnoticed by the people—the power of decision passes from the individual to a ruling group and the more power a ruling group gathers to itself the more it seeks to protect its position against individual opposition and criticism.

Once the law ceases to protect the rights of the individual from the gang—any gang—freedom is lost. There is a great and growing number of countries which have got into this situation and there is ample evidence of the restrictive way of life which has developed within them even to the extent of forcibly preventing their citizens from leaving their country, if they should try to do so.

Freedom Indivisible

A major problem is that each individual sees things from only his point of view and does not appreciate enough the fact that freedom is indivisible.

The media will fight if the freedom of the press is threatened; the law will fight for its independence; the businessman will fight for his right to exercise his initiative; the worker will struggle for his right to join or not join a union; and so on; but few of them recognise that an attack on the liberty of any one of them is an attack on the liberty of all of them.

Once a determined government begins the process of eroding human rights and liberties—always with the very best possible intentions—it is very difficult for individuals or for individual groups to stand against it.

The royal speech questioned the simple-minded attachment to unsophisticated and popular notions of democracy. Here it contained strong echoes of Alexis de Tocqueville and John Stuart Mill in their apprehension of what the former called "the tyranny of the majority." The implication of the Prince's observations, is that the tastes of the "biggest gang" in the end will dominate all others and society will become uniform and homogenized.

We have developed a theory of democracy which holds that the will of the

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majority shall always prevail. This is very different from the concept of democracy as a system for arriving at a consensus where finally there is a compromise between conflicting points of view and where simple head counting is only used for special purposes.

Quite important consequences flow from the new theory of democracy. For instance, in an industrial society, the proportion of people living in cities and working in the major industries is much greater than those living in small towns and villages and working in small companies or on the land.

Furthermore, the proportion of unskilled workers in industry is much greater than the total of skilled, managerial, self-employed and professional people combined.

At this point the Prince's insight seems to lead him intriguingly to a recognition of some of the findings of the new American study called the "economics of bureaucracy." That study predicts the further growth of bureaucracy for several special reasons—including the increasingly strategic position that the bureaucrat holds in providing advice to governments, advice that always, and apparently inevitably, leads to an expansion of the bureau's budget and sphere of influence. But once under way the expansion can be cumulative, and for a special reason.

If we regard bureaucracy as comprising all people who in some capacity or another work for the government—including teachers, postal workers, policemen, and the like, the significant fact is that all these people have votes and an above-average propensity to exercise them at the ballot box. Naturally they will all be well disposed to a government that grants their separate departments handsome budget expansion. Politicians serving the political market will accordingly be tempted to pass legislation conducive to the growth of public funds destined to boost the demand for public personnel still further. Once this group has reached a critical size in political importance a "tipping point" or a point of no return is reached. In the words of Prince Philip: "There is a new factor which will become increasingly significant: the people employed directly and indirectly by local and central government may soon outnumber all other groups put together."

The Destruction of the Market

After such a "tipping point" has been passed, legislation will occur with new vigor and will cover all corners of life. Among the earliest victims of this feverish process will be the free market. In Prince Philip's terms:

Black markets may well begin to flourish, while the major financial and commercial markets will decline. Consumer products will tend toward an average standard with a gradual elimina-

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tion of items of better quality . . . the take-home element of wages and salaries will become relatively less important as all the major necessities will be provided free—in other words out of taxation, and also because fringe benefits associated with employment and trade unions will increase. This dependence on fringe benefits for even the basic elements of existence will ensure a very high degree of job discipline as the loss of a job would not be cushioned by the accumulation of savings or property, while employment direction may well make unemployment benefits more difficult to obtain and incidentally, it is worth bearing in mind that slavery is no more than a system of directed labour and fringe benefits.

The end of Prince Philip's speech contained an embryonic theory of nationalism, a theory that views nationalism as a kind of calculated despotism over the minds of citizens. Such mind-control (and Prince Philip quotes freely from George Orwell) enables governments to conduct subtle propaganda to prevent their peoples from migrating to other, more desirable countries.

Whereas individuals in particular occupations recognise an affinity with individuals in similar occupations in other countries, the existence of an exclusive nation is the vested interest of national governments. Experience shows that the more powerful governments become, the more they tend to encourage a spirit of exclusive nationalism and a hatred and suspicion of anything foreign or multinational.

The Prince predicted that official nationalism "will lead to increasing state responsibility in cultural, sporting and economic activities and the gradual suppression of anything which does not suit the government economic policies or which does not appear to do justice to the national cultural ideal." Was the organization of the Olympic games close to his thoughts at this point?

Can British Traditions Survive?

All the above predictions, the Prince conceded, might seem almost fanciful in the British context. Was it not unthinkable in Britain with its tradition of freedom and tolerance that such things could happen?

I can only say that there were people to be found in many other countries who felt the same way, but the unthinkable happened to them. And if you feel now I ought to suffer the same fate as Jeremiah, let me finish with a chilling sentence from the BBC's interview of the Russian dissident Solzhenitsyn: "It is not how the Soviet Union will find a way out of totalitarianism, but how the West will be able to avoid the same fate."

In the history of mankind liberty has been experienced for only short and sporadic periods. And today it is enjoyed in only a few areas in the world. Freedom, indeed, seems to be a situation of unstable equilibrium. It is an unusual circumstance that calls for unusual men. Prince Philip could well be one such man.

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THE REVOLUTIONARY ASCETIC

BRUCE MAZLISH, in his *The Revolutionary Ascetic: Evolution of a Political Type* (McGraw-Hill, 1221 Avenue of the Americas, New York, N.Y. 10036, paperback, $4.95), has made a fascinating book out of a most tenuous theory. He begins by invoking the support of Freud and Max Weber, neither of whom was particularly preoccupied with the subject of political upheavals. Freud was concerned with "libidinal ties," and noted that the strong man of the original "primal horde" was usually ego-ridden and able to put aside love for individual or family to serve a group which he identified with himself. Max Weber, using a different terminology, discovered a connection between Puritanism and capitalism—the strong man, able to forgo self-indulgence, was in a better position than his lazy and roistering—or even merely family-loving—fellows to build a business career.

In short, asceticism can obviously contribute to success of any sort. So Mr. Mazlish has a look at successful revolutionary leaders to see where they conformed to the psychology of the potent tribal chief or the great entrepreneur.

Cromwell, Robespierre, Lenin and Mao Tse-tung are the revolutionists who sit for the Mazlish portraits. But whether it was asceticism as such, or simple fanaticism in pursuit of an abstraction identified with an ideal, that drove this "big four" to accept blood and terror as the price of change is still an open question as one puts down the Mazlish book.

Cromwell

The Protestant ethic was undeniably a work ethic, and the more one works the less time one has for

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"libidinal ties." But this is only to say that a day has twenty-four hours. Actually, how basically ascetic in nature was Oliver Cromwell? Mr. Mazlish notes that Cromwell, who was spoiled a bit by his mother, had a fear of death, since he was an only surviving son. His temperament was splenetic. Up to the age of twenty-eight, when he had some sort of conversion, he was addicted to horseplay and practical jokes that were not in the best of taste, and he "lived up" to the dissipating nature of a wastrel uncle. However, his teacher, a Puritan divine named Thomas Beard, who lectured against the dissoluteness of the age, eventually prevailed with him.

Cromwell got control of his temper and began to exercise a leadership of men that came natural to him. No doubt this involved asceticism of a sort. But Mr. Mazlish has to admit that Cromwell, throughout his life, liked his ale and wine, and continued to indulge the sporting tastes of the country gentry from which he came. He fathered nine children, continued to provide a home for his mother, and was prostrated for two weeks after the death of a daughter. None of this suggests that he ever cut himself off from the "libidinal ties" of a normal life. If he insisted on discipline in his Model Army, the justification was as much pragmatic as it was Puritan.

Mazlish, in the end, has to qualify his report on Cromwell by saying that he put his "asceticism, insofar as it existed," at the service of an ideal. The qualifying phrase is surely quantitatively inexact.

Robespierre

With Robespierre, the "voice of virtue" of the French Revolution, Mr. Mazlish has an easier time. Robespierre was ascetic to the point of viciousness. He glorified the People but cared nothing for individuals. But others besides Robespierre made the French Revolution, and asceticism figured very little in the lives of some of the revolutionists. Danton, for example, horrified Robespierre when he defined virtue as what he did with his wife in bed at night.

Mr. Mazlish has to bring in Jeremy Bentham, with his theory of utilitarianism, to explain the Russians who studied the French Revolution to see where it went wrong. Robespierre failed because he never managed to build a party, not because of anything that had to do with the question of asceticism. Chernyshevsky, a forerunner of Lenin, wanted a "pitiless" New Man to take charge in Russian revolutionary politics for utilitarian, or instrumental, reasons, but he did not live up to his own ascetic ideal. As Mazlish says, he was an eclectic thinker who, at one time, said the "idea of a wife" afforded some pro-

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tection against "revolutionary conviction." In his own life Chernyshevsky wanted both the "protection" and the "conviction."

Lenin

Lenin may have been "low-keyed sexually," but his asceticism was never an ideal in itself. Lenin married, presumably for companionship. He always believed in the family. He had his softer feelings, and could have listened to Beethoven every day. For ten years he carried on an unconsummated affair with the beautiful Inessa Armand, and he broke down when Inessa died. But he never let his love for Inessa interfere with his revolutionary duty.

Lenin loved the revolution more than he loved anything else, but does that make him an "ascetic"? He didn't suppress his "libidinous ties," he merely subordinated them to the overmastering passion of his life, which was to bring Communism to Russia.

Mao Tse-tung

Mao Tse-tung, like Lenin, married a revolutionary. According to Andre Malraux, he loved his wife and referred to her in a poem as "my proud poplar," which was a play on her name of Yang K'ai-hui. She was executed in 1930 by the Kuomintang. Mao later remarried twice. None of this reflects a "displaced libido" during the time when Mao was not leading the Long March or hiding in the caves of Yenan while Chiang Kai-shek took the brunt of a Japanese attack that continued for years.

The truth would seem to be that revolutionaries are very much like other men save in the choice of the causes they embrace. Some, like Robespierre, are basically ascetic. Others, like Lenin, are Benthamite utilitarians who suppress their nonascetic characteristics because they have more compelling demands on their time. As for Mao Tse-tung, who knows? Maybe the loss of his first wife to a Kuomintang executioner had more to do than Marx with his revolutionary sticking power. In such a case, Mao would be one leader of a revolution who gained strength from the memory of a lost "libidinal tie."

Mr. Mazlish's book suggests more important themes. A Chinese proverb has it that a great man is a public calamity. Certainly this is true when a great man resorts to force and fraud as the prime movers of social change. Why do good men fall for delusions, giving first rate loyalties to methods that bring endless woe to human beings who have a right to resent the confusion of politics with religion? The question of displaced loyalty is more important than displaced libido.

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ESSAYS ON INDIVIDUALITY
edited by Felix Morley
(The Liberty Press,
7440 North Shadeland,
Indianapolis, Indiana 46250)
380 pages ▪ $8.00

Reviewed by Allan C. Brownfeld

TWELVE distinguished writers and educators met in Princeton, New Jersey at a "Symposium on Individuality and Personality" sponsored by the Foundation for American Studies. The meeting took place in 1956.

These were men whose specialties ranged over the humanities, the physical and social sciences, history, politics and economics. Two among them—Friedrich A. Hayek and Milton Friedman—have since received Nobel laureates in economics.

The essays, initially prepared for that 1956 meeting, have now been reprinted by The Liberty Fund in a volume which is worthy of the serious consideration of all those who are concerned with a free society—how it can be constructed and how it can be maintained.

Arthur Kemp, in his foreword, reflects on "the fortunate, perhaps fortuitous, selection of a group of men who had both the courage and the intellectual capacity to transcend the limits of their respective specialties in order to consider the problems of society as a whole, particularly those relating to individual privacy, individual responsibility and individual freedom of thought and action."

Among the contributors are Roger J. Williams, Joseph Wood Krutch, John Dos Passos, Helmut Schoeck, Richard M. Weaver, and James C. Malin.

In a discussion of the political philosophy of America's founding fathers, John Dos Passos notes that, "If men could be found to apply to political problems the sort of first-rate rigorous thinking which we have seen applied to physics in our lifetime, and if the study of the science of state building should thus come into its own again, the great formulations of the generation of 1776 would still be found valid. . . . It is one of the magnificent ironies of history that the zealots for total bureaucratic rule, whose dogma provides them with boots and spurs to ride the mass of mankind, justify themselves by the same political phraseology which the men of Jefferson's day hoped would make forever impossible the regimentation of the many by the few."

Few societies have attained liberty. Dos Passos writes that, "It is always well to remember that the commonest practice of mankind is that a few shall impose authority and the majority shall submit. . . . The liberties we enjoy today . . . are

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the survivors of the many liberties won by the struggles and pains of generations of English-speaking people who somehow had resistance to authority in their blood. Their passion for individuality instead of conformity was unique in the world."

The clear connection between free enterprise and other freedoms is discussed by a number of the contributors. Milton Friedman declares that, "A necessary condition for individual freedom is the organization of the bulk of economic activity through private enterprises operating in a free market . . . there are only two ways of coordinating the economic activities of millions. One is central direction involving use of coercion—the technique of the modern totalitarian state. The other is voluntary cooperation of individuals—the technique of the market place."

In an age in which many have advocated the idea of egalitarianism, Dr. Friedman makes clear that, "It is a trite, if unpalatable, observation that freedom and egalitarianism can be inconsistent objectives. Fortunately, in practice, they have proved not to be. Historically, a free market has produced less inequality, a wider distribution of wealth, and less poverty than any other form of economic organization. There is less inequality in advanced capitalist countries like the U.S. than in underdeveloped countries, like India. . . . There appears also to be less inequality in capitalist countries than in collectivist countries like Russia and China. In principle, collectivist societies could achieve substantial equality—albeit at the sacrifice of total output; in practice, they have not done so or even tried to do so."

In another essay, Richard Weaver expressed the fear that individualism is seriously on the decline. In fact, he believed that the very idea of holding a symposium on the subject was indicative of that fact: "There is an uncomfortable basis of truth in a remark I once heard made by a philosopher: as soon as something begins to disappear, we put up signs proclaiming the virtue of it. The very fact of a symposium arranged to discuss the future of individuality may be taken wryly as a sign that its prospects are poor. But sometimes men disvalue a thing only because they have forgotten how good it is comparatively. In such cases a fresh look should lead to a revival of faith and also uncover possibilities for preserving what we would be the poorer for losing."

One of the major efforts to destroy the individualism upon which freedom is based, Weaver believed, is the modern world's attack upon memory: "There has never been another milieu, as far as my knowl-

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edge goes, which has sought to make forgetting a virtue. 'Forget it' is a password of the time. If people make a mistake or commit a sin (to use an antiquated phrase), they are told to 'Forget it.'. . . Those who live with a burden of memory are smiled at amiably, when they are not frowned upon darkly, as impediments in the way of progress. . . . I cannot see this disparagement of all memory as anything but an attack upon the mind. . . . The human being must live in a present that is enriched and sustained by a past; it is his experience stored up in the form of memory which enables him to be something more than an automaton responding to sensory impingements."

Felix Morley, addressing those whose political philosophy stems from Rousseau and his advocacy of the "general will," points out that, "The protection of minorities *against* the majority was the inspiring and historically unique objective of the Founding Fathers. And if anyone at that time had suggested the desirability of a unified general will, to be defined and exercised throughout the states from the seat of central government, he would have been denounced more roundly even than was poor bumbling George III."

If 1956 was not a good year for freedom and individualism, the period we are now in is even worse. In the world at large, freedom has diminished, as it has within our own country. The challenges we face are pointed up all too well in this selection of essays. The Liberty Fund has performed a significant public service in reprinting them and making them available to a new generation of Americans.

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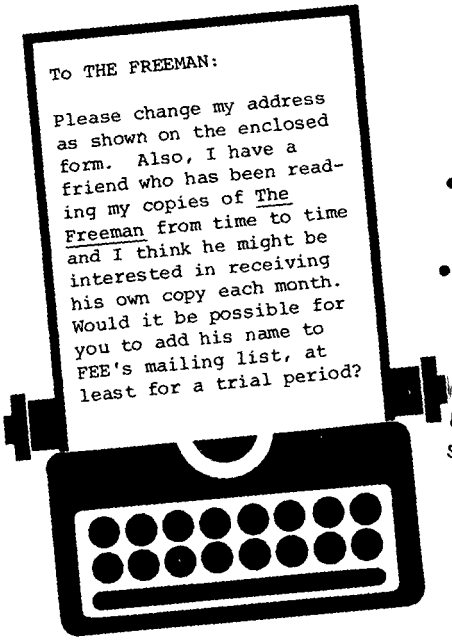
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